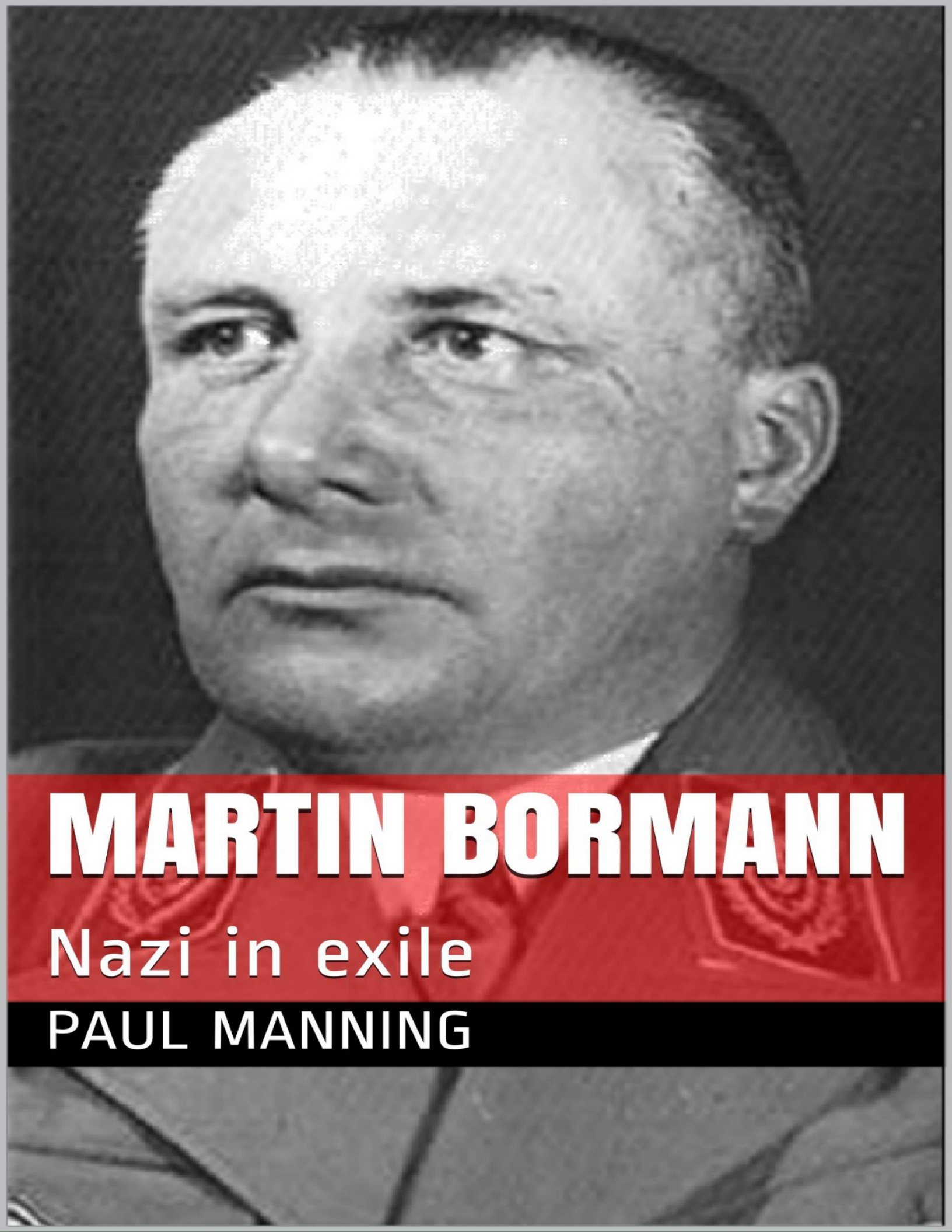

MARTIN BORMANN

Nazi in exile

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NAZI IN EXILE

By Paul Manning

First edition

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To my wife, Peg, and to our four sons, Peter, Paul, Gerald and John, whose collective encouragement and belief in this book as a work of historic importance gave me the necessary persistence and determination to keep going.

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To those retired agents of the U. S. Treasury Department whose reports and files brought into focus the magnitude of Martin Bormann's campaign to shift the liquid assets of Germany to neutral nations during the last months of the war.

To those German nationals who, for the sake of history and to set the record straight about the leader they believe was the mainspring of West Germany's postwar recovery, contributed to my knowledge and insights into the remarkable Bormann organization.

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Paul Manning as a CBS news correspondent during World War II.

PREFACE

DID THE WORLD EVER REALLY KNOW MARTIN Bormann? A man of indescribably vast power and the sole trustee of Hitler’s secrets after May 1, 1945, in the Berlin bunker, Bormann continues to be the most controversial, perplexing figure of our times. There are those who wish him dead and continue to claim he is; for were he to emerge, it would embarrass the governments that assisted in his escape, the industrial and financial leaders who benefited from his acumen and transferred their capital to neutral nations in the closing days of World War II, and the businessmen of four continents who profited from the 750 corporations he established throughout the world as depositories of money, patents, bearer bonds, and shares in blue chip industries of the United States and Europe.

There are also those who know he is not dead, and I am among those who hold this belief. When I penetrated the silence cloaking this story, after countless interviews and laborious research in German and American archives for revealing documents of World War II, I knew that the Bormann

saga of flight capital and his escape to South America was really true. It had been covered up by an unparalleled manipulation of public opinion and the media. The closer I got to the truth, the more quiet attention I received from the forces surrounding and protecting Martin Bormann, and also from those who had a direct interest in halting my investigation. Over the period of years it took to research this book, I was the object of diligent observation by squads of Gestapo agents dispatched from South America by General "Gestapo" Mueller, who directs all security matters for Martin Bormann, Nazi in exile, and his organization, the most remarkable business group anywhere in the secret world of today. Mueller's interest in me, an American journalist, confirmed the truth of my many interviews and my ongoing investigation: Bormann is alive, they don't want waves, so they have been willing to expend immense time and money in tracking me and my progress.

There are also those in international government and business who have attempted to stop my forward movement on this investigation. In Germany, France, England, and the United States, too many leaders in government and finance still adhere to Winston Churchill's statement to his Cabinet in 1943: "In wartime, truth is so precious that she should always be attended by a bodyguard of lies. " For these leaders act as if the war is still on, especially when they are trying to protect their flanks, their wealth, and their influential peers in government, business, and banking. The West German government fears this story will emerge and will do harm to its growing prestige, which is really the one resounding victory the German nation can point to with pride. Yet because they are unsure how it will be received by their allies of today, and because many in the Federal Republic of Germany bear the burdens of war guilt, the prudent course, they believe, is silence, and, when necessary, the implied intimidation of publishers and literary agents who might be tempted to run with this story. But Martin Bormann, Nazi in Exile, is a great slice of true history whose time has come for publication.

Oddly, I encountered less resistance from Martin Bormann and his aging peers than I did from the cover-up groups in West Germany, Paris, London, Washington, and Wall Street. Bormann knows he is mortal, as are his cronies who have turned over the day-to-day direction of the Bormann

organization to a younger leadership. The old guard want the story told, and the only point of friction is whether it should be before or after Fuehrer Bormann's demise.

The investigation into this historical account begins at the Nuremberg trials, when the Tribunal appointed H. Trevor Roper, the Oxford don and author of *The Last Days of Hitler,* to investigate the alleged death of Martin Bormann. Roper was to comment that giving in to death was not part of the Reichsleiter's game plan: "There was at least one man in the bunker who thought only of living—Martin Bormann. "

In *La Fin de Hitler,* Gerhard Bolat, a French historian, described Bormann in those last days of downfall as "immune from the general hysteria; calm and undismayed in the midst of madmen, as though this 'Twilight of the Gods' was no affair of his, as though the sun would always rise for him, and intriguing up to the last. "

Martin Bormann was last seen for sure in a tank crossing the Weidendamm Bridge in Berlin, on the night of May 1, 1945. Then, for most of the world, he vanished.

Nor are the Russians convinced that Bormann died in Berlin. The Soviet KGB assigned a Major L. Besymenski in the late 1960s to probe the "death or escape" of Bormann. After two years of painstaking investigation, his report *On the Trail of Martin Bormann* concluded that there was a successful escape to South America.

The U. S. CIA, on the other hand, theorized that the Reichsleiter had succumbed to shellfire as he fled the bunker. Staunchly insisting this was so, the CIA, for some unexplained policy reason, advanced, promoted, and encouraged this belief. They intervened, for instance, when General Reinhard Gehlen was arranging to publish his memoirs. Gehlen had run the German espionage network in Russia during World War II, and later, under Chancellor Konrad Adenauer during the cold war years, had served as chief of the German Federal Intelligence Service. The CIA obliged him to include a statement that Martin Bormann had been a Kremlin spy, and had died in Russia in 1969! I am told that the general complied with reluctance, but was indebted to the CIA; during the cold war they had

funded his Eastern Europe/Soviet spy operation of 4, 000 men at an annual cost to the U. S. taxpayers of around $6 million. Back in 1953, his Bureau Gehlen had turned heaven and earth upside down for clues to Bormann's whereabouts in the East, reporting officially: "Bormann is not in East Germany or the Soviet Union. The Bureau has been unable to discover what happened to him after he left the Reich Chancellery. "
Gehlen's credibility in knowledgeable West German political and espionage circles was damaged by this circumlocution. Called to Bonn to explain, he in essence retracted his statement.

My own West German sources have told me: "The CIA was behind the General Gehlen statement. It was a manipulation of public opinion by the CIA, immediately obvious to anyone who knows anything about this subject. Bormann and his links to Germany today are a hidden but a very real political issue. " H. Trevor Roper commented about the Gehlen affair: "For this story there is neither evidence nor probability. Had it been true, it was Gehlen's duty to report it long ago; and his belated 'revelation' has only damaged his own credibility. "

In U. S. academe, Professor Male Fainsode, Harvard historian and author of How Russia Is Ruled, commented on the Gehlen statement: "There is no information available among Russian scholars, so far as I know, to support or deny the presence of Bormann in the Soviet Union. "

Grand Admiral Doenitz, at home in Kiel, was among those who doubted that Bormann had either considered being a Soviet agent or was making his way to Russia. Simon Wiesenthal, director of the Jewish Documentation Center in Vienna, likewise considers Gehlen's statement "nonsense. " Wiesenthal has stated that his "last credible information confirms Bormann's presence near the village of Ibiruba, near the Paraguayan border in the Brazilian province of Rio Grande do Sul. " Adolf Eichmann, captured by Israeli agents in Argentina in 1960, confirmed that Bormann is alive and dwelling in South America.

In the New York Times in March 1973, I wrote, in part:

Martin Bormann is the Reichsleiter in exile, a legally appointed head of state who does not consider himself a war criminal, according

to spokesmen for him. Much has been written about Bormann in recent times; all of it incorrect except for the single fact he is alive and in South America.... When the true story of Martin Bormann is written it will reveal him to be the man largely responsible for West Germany's postwar recovery.... If he is ever to come out into the open and live the life of a free man once again, he must refute the charges of Nuremberg, where he was tried in absentia in 1945-46 and found not guilty on the charge of crimes against peace, but guilty of war crimes and crimes against humanity. In its decision, the International Military Tribunal left a loophole for Martin Bormann if he ever wishes to reopen the case.... "If Bormann is not dead, " the Tribunal stated, "and is later apprehended, the Control Council for Germany may, under Article 29 of the Charter, consider any facts in mitigation, and alter or reduce his sentence, if deemed proper. "

I concluded my article:

Will Martin Bormann, an unquestioned genius of finance and administration, take the gamble, or continue to be the most hunted man in history?

At the Nuremberg Trials, Dr. Friedrich Bergold, the wily counsel for this defendant, thought to cut through all attempts to try the absent Reichsleiter with this statement:

Your Lordship, your Honors, the case of the defendant Martin Bormann, whose defense the Tribunal has commissioned me to undertake, is an unusual one. When the sun of the National Socialist Reich was still at its zenith, the defendant lived in the shade. Also during this Trial he has been a shadowy figure, and in all probability, he has gone down to the shades—that abode of departed spirits, according to the belief of the ancients. He alone of the defendants is not present, and Article 12 of the Charter applies only to him. It seems as though history wanted to preserve the continuity of the *genius loci* **and have chosen the town of Nuremberg to be the scene of a discussion as to whether the fact that a defendant is allegedly no longer alive can obstruct his being tried** *in absentia.* **In Nuremberg, we have an adage which has come down to us from the Middle Ages,**

and which says: “The Nurembergers would never hang a man they did not hold. ” Thus, even in former times they had an excellent way in Nuremberg of dealing with the question as to how proceedings can be taken against a person in his absence.

In 1972 the eighty-five-year-old bishop of Munich, Johannes Neuhausler, made public a document of the Roman Catholic Church, which stated that Bormann had escaped to Spain. The document said, in part: “Albert Bormann had awaited the return of his brother Martin to Munich, and they fled from Salzburg airport. The airport had not been destroyed and there were also at least ten flights from there of the Fuehrer’s messengers with official documents. All aircraft were suitable for night and long distance flights. ” The bishop made the foregoing statement to prove that “Bormann had enough ways and means to flee Germany, and that the Vatican had not done anything special to help him. ”

In 1973 the West German government of Willy Brandt, in collusion with the CIA, acted to end for all time the speculation that Bormann is still alive. It held a press conference in Frankfurt to declare that Martin Bormann had died in Berlin on the night of May 1-2, 1945. It displayed a skull alleged to be that of Bormann. On December 8, 1972, a crew of ditchdiggers had unearthed two skeletons near the ruins of Berlin’s Lehrter railway station. Investigators had tried to locate these remains seven years earlier, but now quite by accident, it seemed, they were found just 20 yards from the previous effort. A faded military pass on the second body identified it as that of Dr. Ludwig Stumpfegger, Hitler’s physician, who had left the Fuehrerbunker with Bormann in 1945.

Bormann’s dental record, prepared from memory in 1945 by Dr. Hugo Blaschke on order of a U. S. Army investigation team, was produced at the Frankfurt press conference, along with a skull. Dr. Blaschke had been personal dentist to Hitler, Eva Braun, and Martin Bormann. Prudently, before the Russians took Berlin, he had moved to Munich. He had died in 1957. Chief testimony was by Fritz Echtmann, a dental technician who had made fittings for these three; he testified that the dental work in the skull was that of the missing Reichsleiter. So we have two items of proof: first, dental data prepared from memory by Bormann’s dentist who had been

loyal for many years to Hitler and Bormann; and, second, the statement of a dental technician, who had suffered imprisonment in Russia because of his knowledge of dental work on Hitler and Bormann.

H. Trevor Roper, Regius Professor of Modern History at Oxford University, commented as recently as January 14, 1973, in the *New York Times:* "I have my own reasons for thinking that Bormann may well have escaped to Italy and thence to South America. On the present balance of evidence it is quite possible that Bormann is still alive. " But he seemed to alter his opinion somewhat in 1974 after viewing the dental evidence presented to him by Dr. Reidar F. Sognnaes, the American forensic dental specialist. Dr. Roper stated to Dr. Sognnaes that, on the basis of the Berlin skull discovery, said to be that of Bormann: "In consequence of that discovery, and the identification *which I presume to be bona fide* [italics mine], that the balance of probability has shifted; and that so far I have seen no evidence that can shift it back. " Yet Simon Wiesenthal was also present at the Frankfurt press display and expressed doubt that the skull he saw was that of Bormann. "There seemed to be a slight difference in the skull structure from that of Bormann, " he mused.

Mr. Wiesenthal had gone to the heart of the matter, perhaps unknowingly. For the alleged Bormann skull is that of a grisly stand-in, a substitute whose teeth and entire dental structure had been carefully prepared over a period of time on an inmate of Concentration Camp Sachsenhausen who looked almost like the Reichsleiter—a resemblance that Wiesenthal perceived as not quite 100 percent.

Substituting one body for another has been a ploy much used by General Heinrich Mueller of the Gestapo. It was he who coordinated the details of Bormann's disappearance. This is according to statements made to me by separate individuals working for three different intelligence services: the Berlin skull is from a body placed in the location of the freight yards on April 30, 1945, by an SS Gestapo team commanded by General Mueller of the Waffen SS. Their account is retold in Chapter 6. Furthermore, another authority on Bormann has since told me (in 1977): "Bormann planned this flight with extreme care, and part of the grand design was a scheme to lead future forensic and dental specialists astray. "

The *London Daily Express* termed the Frankfurt press conference by the Brandt government a whitewash, and said it was Bormann's passport to freedom in perpetuity, forever freeing him from harassment or capture. The European press held that a deal was made between representatives of the Bormann NSDAP* in exile in South America and the government of the Federal Republic of Germany. Their speculation was that by so doing the government sought to free itself from the unending nagging pressure of continuing to search for Bormann. As a result of the Frankfurt press conference, Bormann was, with worldwide trumpeting, declared dead. Dr. Horst Gauff, state prosecutor for Hesse, removed the West German warrant for Bormann's arrest and the reward of $36,000 for Bormann's capture. Abroad, West German embassies and consulates were directed to ignore any future reports:

*NSDAP: Nationalsozialistische Deutsche Arbeiterpartei National Socialist German Workers' Party—the Nazi Party).

"If anyone is arrested on suspicion that he is Bormann we will be dealing with an innocent man. "

Has tranquility come to this man of the shadows? It is unlikely, for there are too many glory days to remember, along with the certainty that he dare not go home to Germany, despite the economic victory he achieved for the Fatherland.

His wife, Gerda, whom he married in 1929, opened a nursery home for Jewish orphans in Bavaria in 1945. U. S. Army intelligence officers who discovered this wanted to throw her in prison; she was spared this because she was terminally ill, and died in March 1946 in the infirmary of an Italian monastery at Merano. General Patton vetoed jailing her: "Let her be. She will meet her maker soon enough. " She appointed a Roman Catholic priest as executor of her will and as guardian of her ten children. The eldest, Adolf Martin, named for his godfather, Adolf Hitler, became a Jesuit priest, serving the order for years in the Congo. He asked for reassignment to South America, and the request went to the Vatican because of his father's prominence in history; the request was denied, for Vatican officials felt that it was no coincidence. It was assumed that Martin Bormann in exile missed his children and had requested his eldest son to join him in South America.

Approval would have cast a spotlight of disaffection on the Vatican. Denied, Adolf Bormann resigned from the priesthood, subsequently married a former nun, Cordula, and today they are working together as missionaries to the Indians of Brazil and Bolivia. Can it not be thought that he visits Bormann, Senior, in his last years?

The flame flickers low, but “Whatever became of Martin Bormann? ” is unceasingly engrossing. My wartime CBS colleague, the late Edward R. Murrow, had talked at length with me about developing the Bormann saga as a solid and historically enlightening, valuable postwar story.

When Reichsleiter Martin Bormann, through an emissary, informed a gathering of Nazi industrialists in Strasbourg on August 10, 1944, “The war cannot be won by us; we must take steps in preparation for a postwar commercial campaign, ” he made just that possible by putting into action his new German state policy: the flight of capital—that is to say, money, patents, scientists, administrators—to neutral nations where this wealth would develop free of seizure by the Allies. This Bormann program of flight capital to safe havens, together with the endeavors of the German people, the grants of Marshall Plan money for reconstruction of factories, and the investment money that eventually found its way back home, moved the new West German Federal Republic forward to its present prosperity.

I was impelled to write this book to present to thinking people the verity of modern history’s most all-encompassing conspiracy of silence, and to straighten out some of the lingering distortions that have developed from the massive outpouring of slanted communiques and press releases from governments and private interests over the past three decades, until caring people everywhere are hard put to tell truth from fiction, with too much fiction passing for history.

PAUL MANNING

New York

1

IT WAS EARLY MORNING AND THE HAZE COVERING the broad Alsatian plain was lifting to reveal glistening mountainside acres of wine grapes and the string of fortresses that dominate the hillsides and vineyard villages on the road from Colmar—fortresses old when Joan of Arc was young. A Mercedes-Benz, flying Nazi swastika and SS flags from the front bumpers, was moving at high speed through columns of German infantry marching toward Colmar from where the command car had come. A mountainous region, some of World War II's bitterest fighting was to take place there as winter approached, once American divisions had bypassed Paris and moved through Metz into the Colmar Gap.

The staff car had left Colmar at first light for Strasbourg, carrying SS Obergruppenfuehrer Scheid, who held the rank of lieutenant general in the Waffen SS, as well as the title of Dr. Scheid, director of the industrial firm of Hermadorff & Schenburg Company. While the beauty of the rolling countryside was not lost on Dr. Scheid, his thoughts were on the meeting of important German businessmen to take place on his arrival at the Hotel Maison Rouge in Strasbourg. Reichsleiter Martin Bormann himself had ordered the conference, and although he would not physically be present he had confided to Dr. Scheid, who was to preside, "The steps to be taken as a result of this meeting will determine the postwar future of Germany. " The Reichsleiter had added, "German industry must realize that the war cannot now be won, and must take steps to prepare for a postwar commercial campaign which will in time insure the economic resurgence of Germany. " It was August 10, 1944.

The Mercedes-Benz bearing SS Obergruppenfuehrer Scheid moved slowly now through the narrow streets of Strasbourg. Dr. Scheid noticed that this was a most agreeable city, one to return to after the war. It was the city where in 1792 the stirring *Marsellaise* was composed by Rouget de Lisle, ostensibly for the mayor's banquet. The street signs all in French, the names of the shops all in German, were characteristic of bilingual Alsace, a land that has been disputed throughout known history, particularly since the formation of the two nations, Germany and France. After World War I, the Treaty of Versailles restored Alsace-Lorraine to France, but after the fall of France in World War II the Germans reannexed these 5, 600 square miles

of territory, and life went on as usual, except for the 18, 000 Alsatians who had volunteered to fight for the Third Reich on the Eastern Front.

The staff car drew up before the Hotel Maison Rouge on the rue des France-Bourgeois. Dr. Scheid, briefcase in hand, entered the lobby and ascended in the elevator to the conference suite reserved for his meeting. Methodically he circled the room, greeting each of the twelve present, then took his place at the head of the conference table. Even the pads and pencils before each man had been checked; Waffen SS technicians had swept the entire room, inspecting for hidden microphones and miniature transmitters. As an additional precaution, all suites flanking the conference suite had been held unfilled, as had the floors above and below, out of bounds for the day. Lunch was to be served in the conference suite by trusted Waffen SS stewards. Those present, all thirteen of them, could be assured that the thorough precautions would safeguard them all, even the secretary who was to take the minutes, later to be typed with a copy sent by SS courier to Bormann.

A transcript of that meeting is in my possession. It is a captured German document from the files of the U. S. Treasury Department, and states who was present and what was said, as the economy of the Third Reich was projected onto a postwar profit-seeking track.

Present were Dr. Kaspar representing Krupp, Dr. Tolle representing Rochling, Dr. Sinceren representing Messerschmitt, Drs. Kopp, Vier, and Beerwanger representing Rheinmetall, Captain Haberkorn and Dr. Ruhe representing Bussing, Drs. Ellenmayer and Kardos representing Volkswagenwerk, engineers Drose, Yanchew, and Koppshem representing various factories in Posen, Poland (Drose, Yanchew, & Co., Brown-Boveri, Herkuleswerke, Buschwerke, and Stadtwerke); Dr. Meyer, an official of the German Naval Ministry in Paris; and Dr. Strossner of the Ministry of Armament, Paris.

Dr. Scheid, papers from his briefcase arranged neatly on the table before him, stated that all industrial materiel in France was to be evacuated to Germany immediately. “The battle of France is lost to Germany, ” he admitted, quoting Reichsleiter Bormann as his authority, “and now the defense of the Siegfried Fine (and Germany itself) is the main problem....

From now on, German industry must take steps in preparation for a postwar commercial campaign, with each industrial firm making new contacts and alliances with foreign firms. This must be done individually and without attracting any suspicion. However, the party and the Third Reich will stand behind every firm with permissive and financial support. ” He assured those present that the frightening law of 1933 known as Treason Against the Nation, which mandated the death penalty for violation of foreign exchange regulations or concealing of foreign currency, was now null and void, on direct order of Reichsleiter Bormann.

Dr. Scheid also affirmed, “The ground must now be laid on the financial level for borrowing considerable sums from foreign countries after the war. ” As an example of the kind of support that had been most useful to Germany in the past, Dr. Scheid cited the fact that “patents for stainless steel belonged to the Chemical Foundation, Inc., New York, and the Krupp Company of Germany, jointly, and that of the United States Steel Corporation, Carnegie, Illinois, American Steel & Wire, National Tube, etc., were thereby under an obligation to work with the Krupp concern. ” He also cited the Zeiss Company, the Leica Company, and the Hamburg-Amerika Fine as typical firms that had been especially effective in protecting German interests abroad. He gave New York addresses to the twelve men. Glancing at his watch, Dr. Scheid asked for comments from each of the twelve around the table. Then he adjourned the morning session for lunch.

At his signal, soldier stewards brought in a real Strasbourg lunch. On a long side table they placed plates of *pate de foie gras*, *matelote*, noodles, sauerkraut, knuckles of ham, sausages, and onion tarts, along with bottles of Coq au Riesling from nearby wineries. Brandy and cigars were also set out and the stewards left the room, closing the doors quietly as guards stood at attention.

Following lunch, several, including Dr. Scheid, left for the Rhine and Germany, where they would spread the word among their peers in industry about the new industrial goals for the postwar years.

A smaller conference in the afternoon was presided over by Dr. Bosse of the German Armaments Ministry. It was attended only by representatives of

Hecko, Krupp, and Rochling. Dr. Bosse restated Bormann's belief that the war was all but lost, but that it would be continued by Germany until certain goals to insure the economic resurgence of Germany after the war had been achieved. He added that German industrialists must be prepared to finance the continuation of the Nazi Party, which would be forced to go underground, just as had the Maquis in France.

"From now on, the government in Berlin will allocate large sums to industrialists so that each can establish a secure postwar foundation in foreign countries. Existing financial reserves in foreign countries must be placed at the disposal of the party in order that a strong German empire can be created after defeat. It is almost immediately required, " he continued, "that the large factories in Germany establish small technical offices or research bureaus which will be absolutely independent and have no connection with the factory. These bureaus will receive plans and drawings of new weapons, as well as documents which they will need to continue their research. These special offices are to be established in large cities where security is better, although some might be formed in small villages near sources of hydroelectric power, where these party members can pretend to be studying the development of water resources for benefit of any Allied investigators. "

Dr. Bosse stressed that knowledge of these technical bureaus would be held only by a very few persons in each industry and by chiefs of the Nazi Party. Each office would have a liaison agent representing the party and its leader, Reichsleiter Bormann. "As soon as the party becomes strong enough to reestablish its control over Germany, the industrialists will be paid for their effort and cooperation by concessions and orders. "

At both morning and afternoon conferences, it was emphasized that the existing prohibition against the export of capital "is now completely withdrawn and replaced by a new Nazi policy, in which industrialists with government assistance (Bormann to be the guiding leader) will export as much of their capital as possible, capital meaning money, bonds, patents, scientists, and administrators. "

Bosse urged the industrialists to proceed immediately to get their capital outside Germany. "The freedom thus given to German industrialists further

cements their relations with the party by giving them a measure of protection in future efforts at home and overseas. ”

From this day, German industrial firms of all rank were to begin placing their funds—and, wherever possible, key manpower—abroad, especially in neutral countries. Dr. Bosse advised that “two main banks can be used for the export of funds for firms who have made no prior arrangements: the Basler Handelsbank and the Schweizerische Kreditanstalt of Zurich. ” He also stated, “There are a number of agencies in Switzerland which for a five percent commission will buy property in Switzerland for German firms, using Swiss cloaks. ”

Dr. Bosse closed the meeting, observing that “after the defeat of Germany, the Nazi Party recognizes that certain of its best known leaders will be condemned as war criminals. However, in cooperation with the industrialists, it is arranging to place its less conspicuous but most important members with various German factories as technical experts or members of its research and designing offices. ”

The meeting adjourned late. As the participants left, Dr. Bosse placed a call to Martin Bormann in Berlin over SS lines. The conversation was cryptic, merely a report that all industrialists at the one-day Strasbourg conference had agreed to the new policy of “flight capital” as initiated by the Reichsleiter. With the report completed, Bormann then placed a call, to Dr. Georg von Schnitzler, member of the central committee of the I. G. Farben board of directors.

I. G. Farben had been the largest single earner of foreign exchange for Germany during the years of the Third Reich. Its operations in Germany included control of 380 companies with factories, power installations, and mines, as well as vast chemical establishments. It operated in 93 countries and the sun never set on I. G. Farben, which had a participation, both acknowledged and concealed, in over 500 firms outside Germany. They grew as the Third Reich did, and as German armies occupied each country in Europe they were followed by Farben technicians who built further factories and expanded the I. G. investment to RM (Reichsmarks) 7 billion. The Farben cartel agreements involving trade and the related use of its chemical patents also numbered over 2, 000, including such major

industrial concerns as Standard Oil of New Jersey (now Exxon), the Aluminum Company of America, E. I. du Font de Nemours, Ethyl Export Corporation, Imperial Chemical Industries (Great Britain), Dow Chemical Company, Rohm & Haas, Etablissments Kuhlman (France), and the Mitsui interests of Japan.

I. G. Farben was a formidable ally for Reichsleiter Bormann in his plans for the postwar economic rebirth of Germany. In a telephone conversation with Dr. von Schnitzler, Bormann asked what would the loss of factories in France and the other occupied countries mean to German industry in general and to I. G. in particular. Dr. von Schnitzler said he believed the technical dependence of these countries on I. G. would be so great that despite German defeat I. G., in one way or another, could regain its position of control of the European chemical business.

“They will need the constant technical help of I. G. ’s scientific laboratories as they do not own appropriate installations within themselves, ” he further told Bormann, adding that he and other industrialists such as Hermann Rochling “do not think much of Hitler’s recent declaration of a scorched-earth policy for Germany. Destruction of our factories will surely inhibit Germany’s recovery in the postwar world, ” he affirmed.

Bormann pondered this exchange with von Schnitzler. It was then that he determined to countermand Hitler’s order for the ruthless destruction of German industry. He was aware also that the Gauleiters, the regional political supervisors and area commanders of the party, who reported to him as party chief, shared the same view as expressed by Dr. von Schnitzler.

However, Bormann waited nearly four weeks until the right moment came to go against Hitler’s directive. It came when Albert Speer, minister for armaments and war production, sent a teletype on September 5, 1944, to headquarters for Hitler’s attention. In this message, Speer outlined the realistic reasons why industrial plants should not be destroyed; Bormann lost no time sending this on to all the Gauleiters of Germany with his own imperative: “On behalf of the Fuehrer I herewith transmit to you a communication from Reichsminister Speer. Its provisos are to be observed strictly and unconditionally.”

Speer had commented, “Even Bormann had played along with me. He seemed to be more aware than Hitler of the fearful consequences of total devastation.” Speer also noted, in this month of September 1944, that “Hitler’s authority in the party was no longer what it had been.”

Such authority had long since passed quietly to Reichsleiter Bormann, who had succeeded in outmaneuvering all the old gang: Goering, Goebbels, Himmler, the various generals, and Speer, who was told in 1944 by Hitler always to deal directly with Bormann on all matters. As Speer put it, “I had lost for good.” He was embittered and envious, and his feelings were to color every utterance he made about the Reichsleiter.

Martin Bormann was now the leader in fact of Germany. Hitler, exhausted, drained of the charisma of the glory days of the thirties and the conquest years of the early forties, was going through the gestures of military leadership mechanically as his troops fell back on all fronts. Martin Bormann, forty-one at the fall of Berlin, and strong as a bull, was at all times at Hitler’s side, impassive and cool. His be-all and end-all was to guide Hitler, and now to make the decisions that would lead to the eventual rebirth of his country. Hitler, his intuitions at peak level despite his crumbling physical and mental health in the last year of the Third Reich, realized this and approved of it. “Bury your treasure,” he advised Bormann, “for you will need it to begin a Fourth Reich.” That is precisely what Bormann was about when he set in motion the “flight capital” scheme August 10, 1944, in Strasbourg. The treasure, the golden ring, he envisioned for the new Germany was the sophisticated distribution of national and corporate assets to safe havens throughout the neutral nations of the rest of the world.

Martin Bormann knew in his heart that the war in Europe was over when Normandy was lost. The day Hitler’s troops were defeated at the Falaise Gap was the day he ordered swing industrialists of Germany to Strasbourg to hear his plans for Germany’s future.

Society’s natural survivors, French version, who had served the Third Reich as an extension of German industry, would continue to do so in the period of postwar trials, just as they had survived the war, occupation, and liberation. These were many of the French elite, the well-born, the

propertied, the titled, the experts, industrialists, businessmen, bureaucrats, bankers. On the other hand, the intellectuals, the writers, the propagandists for the Germans, and the deputies of the Third Republic were among those purged with a heavy hand. The number of Frenchmen who were part of the resistance during World War II was never large, about 2 percent of the adult population. With the liberation of France, old scores were settled: 124,750 persons were tried, 767 being executed for treason or contact with the enemy in time of war. Sentenced to prison terms were 38,000, who also endured "loss of national dignity"—disenfranchisement and ineligibility to hold public office. Even before any arrests and trials could take place, another 4,500 were shot out of hand.

Still, economic collaboration in France with the Germans had been so widespread (on all levels of society) that there had to be a realization that an entire nation could not be brought to trial. Only a few years before, there had been many a sincere and well-meaning Frenchman—as in Belgium, England, and throughout Europe—who believed National Socialism to be the wave of the future, indeed, the only hope for curing the many desperate social, political, and economic ills of the time. France, along with other occupied countries, did contribute volunteers for the fight against Russia. Then there were many other Frenchmen, the majority, who resignedly felt there was no way the Germans could be pushed back across the Rhine.

Meanwhile, individuals had to survive. After 1940 France was neatly tucked into the German economic scheme; occupied countries would be supply areas for the benefit of the Third Reich. As an example of the cooperating industrialist, there was Marcel Boussac, the richest man in France at the time. This aging cotton textile magnate, now deceased, prospered under German occupation, like his peers. He had done well in World War I, and he did well during World War II. In the former he made his first millions, by supplying uniforms and airplane fabric to the French army. Between wars he expanded, acquiring textile factories by the dozens. When the Germans swept across France in 1940 he promptly turned to them as new customers, and began making the cloth for German army uniforms, parachute materials, and linen for fire-hose lining (a big-ticket item as British and American bombers set fire to German cities).

Other textile manufacturers, particularly those at Calais and Caudry, made the camouflage for such German defense installations at the West Wall, and mosquito netting for Rommel's Afrika Korps.

Boussac and his kind produced a trickle of fabrics for French clothing, but, on German orders, there was almost no limit to the quantity and quality of goods they turned out for the French fashion industry. German policy was to nurture the *haute couture* houses of Paris. It brought in foreign exchange, and it was good propaganda to have the world note luxury continuing to flourish as ever in the French capital.

In 1943, when the needs of the civilian population were to be met with an annual allowance of one kilo of cloth per person, the *haute couture* received 80 metric tons, enough to fill the regular clothing rations from 80,000 French civilians. Lucien LeLong, under German guidance, was the director in charge of policy for the French fashion industry. His collection and those of 60 other *maisons de couture* participating in the seasonal fashion shows in Paris for buyers from Germany, the other occupied countries of Europe, and the neutral nations, maintained prewar Parisian fashion standards. French fashions continued to be sold in markets of the Western Hemisphere throughout the war. One device often used as part of such a marketing scheme was to have fashionable women "expelled" from France for anti-German and pro-Allied sentiments. The women would then make their way to Lisbon and sail for New York or Buenos Aires on a neutral steamer with their trunks containing the latest creations of LeLong and his group of collaborating *maisons de couture.* Orders were taken, paid for, filled.

This was collaboration, but few in this industry were to go on trial, any more than were the industrialists who owned the textile companies, chemical plants, and heavy industry. However, the rayon industry was more than a collaboration between French and German interests. The Gillet-Carnot organization of the French rayon interests had close prewar relationships in price controls and markets to the German Kunstseide and Zellwolle Ring, and this laid the foundation for fuller collaboration after the collapse of France. By December 1940, most of the rayon-producing facilities in France were united under a new holding company,

France-Rayonne, to which the German Ring group contributed 33 percent of the capital in the form of patent rights and technical advice.

The capital of those French companies that became subsidiaries of France-Rayonne totaled over 800 million francs. Three quarters of this sum was represented by National Viscose and Givet-Izieux, in which the Gillet and related families, such as Balay, Bizot, and Motte, were the largest shareholders.

The large French chemical interests of Kuhlmann also had their agreements with LG. Farbenindustrie long before the war. Then, when France fell, this relationship ripened, expanding into full German majority control and stock ownership. The I.G. board of directors formed a new French holding company, capitalized at 800 million francs, and named it Francolor; it held the stock of Kuhlmann and other French dye and chemical interests. Fifty-one percent of Francolor's stock was acquired by I.G. Farbenindustrie, without whose basic patents no chemical company in Europe could operate.

The Germans were also diligent in acquiring stock control in other prime industries, and when their troops were forced from France in 1944, their economic imprint would remain.

When Reichsleiter Bormann accepted the fact that the war was lost, he gave himself nine months to place into operation his flight capital program of safe haven for the liquid assets of Germany. Little Alsace-Lorraine was a microcosm of Nazi takeovers in the rest of occupied Europe as regards commerce, industry, and banking. They had fitted the iron and steel industry of Lorraine into their vast International Steel Cartel and had "Aryanized" Jewish concerns, which meant outright appropriation. I.G. Farben assumed control of the potassium mines of Alsace. The insurance business, which had been largely underwritten by French and British companies, was transferred to German companies. The big German banks, such as Deutsche Bank, Commerzbank, and Dresdnerbank, purchased majority shares of the Alsace-Lorraine banks, the institutions that under occupation controlled the very life and economy of the people.

With the disastrous conflict-to-come looming after August 10, 1944, the realists—that is to say, Bormann, the Ruhr industrialists, and the German

bankers—knew it was time for new and secretive directions, were Germany to survive and emerge from defeat to once more become a world leader.

2

A COMPLICATED INDIVIDUAL, MARTIN BORMANN planned shrewdly for the future, keeping six secretaries busy. During the final six months of World War II he sorted his records, shipping them with other historical documents to South America: by truck to Munich, by air to Spain in special Luftwaffe courier planes, then on freighters chartered for the transport of German SS men from their gathering place at the terminal of two principal escape routes, the Spanish port of Vigo. This small city, in the northeastern province of Galicia, was dictator Generalissimo Franco's home region.

One of Bormann's office ladies in Berlin described him as a "fiend for organization and paperwork," which was indeed his forte while he was rising through the ranks to become Hitler's right-hand man. A master of intrigue, and therefore generally disdained by many in the inner circle around the Fuehrer, Bormann always had the unquestioning confidence of the Nazi leader; this was his wellspring of unlimited power.

In dismissing criticisms of Bormann, Hitler once explained: "I know that he is brutal. But there is a sense in everything he does, and I can absolutely rely on my orders being carried out by Bormann immediately and in spite of all obstacles. Bormann's proposals are so precisely worked out that I have only to say yes or no. With him I deal in ten minutes with a pile of documents for which with another man I should need hours.

If I say to him, remind me about such-and-such a matter in half a year's time, I can be sure he will really do so."

Albert Speer, an architect who began his professional life designing buildings for the Nazis, rose to become the highly competent minister of armaments and war production. In his book, *Inside the Third Reich*, he described how Bormann solidified his position as number one man to Hitler:

He alone, with Hitler's compliance, drew up the appointments calendar, which meant that he decided which civilian members of the government or Party could see, or more important, could not see, the Fuehrer. Hardly any of the ministers, Reichsleiters, or Gauleiters could penetrate to Hitler. All had to ask Bormann or present their programs to him. Bormann was very efficient. Usually the official in question received an answer in writing within a few days, whereas in the past he would have had to wait for months. I was one of the exceptions to this rule. Since my sphere was military in nature, I had access to Hitler whenever I wished. Hitler's military adjutants were the ones who set up my appointments.

After my conference with Hitler, it sometimes happened that the adjutant would announce Bormann, who would then come into the room carrying his files. In a few sentences, he would report on the memoranda sent to him. He spoke monotonously and with seeming objectivity and would then advance his own solution. Usually Hitler merely nodded and spoke his terse, "Agreed." On the basis of this one word, or even a comment by Hitler, which was hardly meant as a directive, Bormann would often draft lengthy instructions. In this way ten or more important decisions were sometimes made within half an hour. De facto, Bormann was conducting the internal affairs of the Reich.

H. Trevor Roper has observed: "Bormann was a man of enormous power, for he controlled the whole party machine through which Germany was governed. . . . The more adventurous figures around Hitler despised Bormann as a plodding bureaucrat, an uncultured lout. The more colorful, more intellectual figures around Lenin despised Stalin on precisely the same grounds. But we know who won."

Bormann was a classic embodiment of the dictator in the antechamber, a type now usual in governments around the world and in the multinational corporations, which usually tell governments what to do. Those who scorned him were typical stalwarts of every revolutionary movement, the old guard of faithful fighters, the populists, who assume their early success will endure unchangingly. Great individuals build up great corporations; but

it is the second generation of professional managers to whom shareholders look to carry on the tradition of expansion and profits. Martin Bormann was a second-generation professional who consolidated for Hitler the power he had accumulated. He was at ease in the bureaucratic apparatus and mastered the mechanisms of government with the greatest skill. Behind his back he was referred to as “Hitler’s evil spirit.” One of the inner circle was said to burst out, “I am claiming for myself the privilege of personally killing the Fuehrer’s Mephistopheles.”

There he was, Martin Bormann, at Hitler's side from daybreak until midnight, his stocky figure in Nazi uniform, his briefcase always at hand, listening, weighing situations, diligent, calculating, ever supportive of the Fuehrer, ever indispensable. Walter Schellenberg, chief of the SS Foreign Intelligence Service, described Bormann as “a thickset man, with square shoulders and a bull neck. His eyes were like those of a boxer advancing on his opponent. His appearance was conventional and unassuming. Those who were rivals and even enemies always underestimated his abilities.”

While the more conspicuous leaders of the Third Reich were strutting before the people of Germany and parading for the news media of the world, Bormann was unobtmsively gaining control of those points of power that count. He earned and kept to the last the total trust of Hitler.

Martin Bormann was born on June 17, 1900, in Halberstadt. He had a younger brother, Albert, born on September, 2; 1902. Their father had served in the German army in World War I as a senior sergeant, and afterward became a civil servant in the German postal system. Both sons were baptized and raised as evangelical Lutherans. Martin attended the Science High School of Halberstadt, where his capabilities in mathematics were noted. Upon reaching the age of eighteen, he was called into the army during the tag end days of World War I and found himself a cannoneer in the 55th Field Artillery Regiment. Discharged the following year, he attended agricultural college. Then appeared evidence of his interest in German nationalism; he joined a Freikorps, a paramilitary group of right-wing activists. These had been formed in a loosely knit manner throughout Germany to counter communists and foreign interests.

The Freikorps that Bormann joined was directed by a Lieutenant Gerhard Rossbach. One of the lasting friendships Bormann made through this association was with Hermann von Treuenfels, scion of an important landowning family of Mecklenburg. In 1920 Bormann became goods inspector on the von Treuenfels estate near Parchin. It was a time of raging inflation. Before 1912 a billion marks would have been a Krupp-type fortune, but in 1921-22 it had the purchasing power of one cigarette or a small candy bar. The Freikorps dedicated itself to halting this destructive condition and the inroads of communists in government. By day Bormann worked on the estate; by night he carried out sabotage operations against the French occupation troops. The following year, 1923, during a skirmish in Mecklenburg, Bormann, as leader of the district unit of the Rossbach organization, was arrested for complicity in the murder of a communist said to have infiltrated the Freikorps. He was tried for what was termed a "political assassination of a traitor," found guilty, and sent to Leipzig prison for one year. Released in 1925, he returned to Mecklenburg, and on July 4, 1926, joined the National Socialist German Workers Party, earlier formed by Adolf Hitler. Bormann's party number, an early one, was 60,508.

Martin Bormann's organizational abilities and financial acumen were soon recognized. In 1928 he was made district leader, business manager, and spokesman for the NSDAP's district of Thuringia in Jena. Then, from 1928 until 1950 he was assigned to the headquarters staff of the Supreme Command of the SA, the "*oberste* SA," which controlled the activities of the Storm Troopers, or Brown Shirts. On September 2, 1929, he married Gerda Buch, the daughter of Major Walter Buch, chairman of the party's court for the determination of NSDAP legal matters and internal discipline.

These were heady days for Bormann. The communists, who threatened to seize control of Germany and indeed nearly did so, were being battled in the streets of German cities by the SA, and Bormann was part of the action. Most thoughtful, solid Germans had become frightened and were disenchanted with the vacillating government of the Weimar Republic, virtually powerless to stanch inflation and to stabilize the mark.

Albert Speer, in his book *Inside the Third Reich*, describes how he was drawn to Hitler's National Socialist German Workers Party:

It must have been during these months that my mother saw an SA parade in the streets of Heidelberg. The sight of discipline in a time of chaos, the impression of energy in an atmosphere of universal hopelessness, seems to have won her over also. She joined the Party. Both of us seem to have felt this decision to be a breach with a liberal family tradition. In any case, we concealed it from one another and from my father.

The crucial fact appeared to me to be that I personally had to choose between a future communist Germany or a future National Socialist Germany since the political center between these two antipodes had melted away.

Moreover, in 1931, I had some reason to feel that Hitler was moving in a moderate direction. The party at that time was confining itself to denouncing what it called the excessive influence of the Jews upon various spheres of cultural and economic life. It was demanding that Jewish participation in these various areas be reduced to a level consonant with their percentage of the population.

Funding was the overriding problem of the new political party. Bormann, working in the high echelons of the NSDAP, knew it would never become a dominant part of German political life until it had the support of German industry. Other parties were being funded with millions of marks annually, particularly "Deutsche Volkpartei," "Deutschnationalen," and "Dermokraten." The Social Democrats were largely supported by the banks and breweries. So it was that Bormann considered it a major breakthrough when, in 1931, Dr. Emil Kirdorf, a leading Ruhr coal producer, and Fritz Thyssen, a steel magnate, introduced Hitler into the influential Rheinisch-Westfalian industrial circles. The N SDAP benefited with nearly a million marks, enough to whet the appetite but not quite enough for political success.

Turning points were at hand for Hitler and his group. In January Count Hans Rodo von Alvensleben, a Junker nobleman and landowner in Prussia,

an important Ruhr industrialist and board member of Deutsche Bank, attended a meeting at Hitler's house in company with such as Baron Kurt von Schroeder, partner of the Cologne banking firm of J.H. Stein Bankhaus. At this gathering, Count von Alvensleben spoke glowingly of Hitler to the other industrialists present, as he did to Paul von Hindenburg, the Reich president, and Franz von Papen, who were both there. The presence of these two revered figures was a tremendous coup for Hitler. When the evening ended, there were commitments all around to aid Hitler in his ambitions.

In the following month, February, twenty industrialists met in the home of the president of the Reichstag, Hermann Goer-ing. Among those present were such luminaries as Dr. Georg von Schnitzler of I.G. Farben, representing the board of directors, and I.G.'s president, Hermann Schmitz. Hitler spoke about a new alliance he had made for his party to join forces with the Deutsche-Nationale Volkspartei, led by Franz von Papen, who was later to become vice chancellor of the Third Reich. Hitler stressed how important it was for the joined parties to gain a majority in the forthcoming Reichstag elections. Finishing speaking, he withdrew, and grandfather Krupp von Bohlen and others voted to contribute 3 million Reichsmarks to the two party alliance.

With this encouragement, funds now poured in from industry in general. The elections in March were a breeze. Hitler went over the top, with the backing of industrialists, bankers, the middle class, the small tradesmen and craftsmen, and the World War I veterans, especially the former officers. All were convinced that Hitler must be voted into power if communism and civil war were to be avoided.

As chancellor, Hitler moved Germany forward. From a nation with the most jobless it became the nation with the fewest. This was achieved by permitting industry to have its head in free enterprise and open competition. He harnessed the people, not industry. He told the workers of Germany that full employment and prosperity depended on greater production and work at all levels. German mass production became the envy of Europe, not only in its volume but also in its quality. Trade generated with Western Europe and the Balkan countries doubled and tripled. Through this and a

refreshed diplomacy, much of Europe was being drawn into the German orbit and away from France and Great Britain, a matter of increasing concern in Paris and London.

But as a political leader as well as head of government, Hitler was aware that his domestic machinery, the basis of his power, must run smoothly everywhere and at all times. On April 25, 1930, he had appointed Martin Bormann director of the NSDAP fund. Then, in July 1933, Hitler moved Bormann into a significant power control position—chief of staff to his deputy Rudolf Hess, a dedicated Nazi, but one who lacked the drive and organizational abilities necessary for continued control of an always expanding political apparatus. Bormann soon had things running smoothly—his way. Citing unity and efficiency, he reduced the influence of the old guard by rearranging areas of jurisdiction. He turned the NSDAP treasurer, Franz Schwarz, into a mere bookkeeper, and assumed the powers of the office for himself. Bormann had a natural money mind. He was precise in fiscal matters, exact in administrative procedures, cold, deliberate, Machiavellian, and would have made a fine banker had he not gotten into politics. In a manner of speaking, as the years went by, he came to be a banker, eventually controlling all the banks of Germany, and through them the banks of all occupied Europe.

In this era of the early thirties and the new prosperity of German industry and commerce, it followed naturally as day into night that Martin Bormann would devise a conduit to sluice funds on a regular basis to the NSDAP and Hitler. The Adolf Hitler Endowment Fund of German Industry was set up. All German industry was to subscribe to this; 60 million marks were collected annually to strengthen the party. Businesses didn’t mind, for they were getting major government contracts as well as increasing commercial trade from abroad. Such a fund also did away with some of the incessant requests for money by offshoots of the party organization. Himmler, for example, had been tapping leading bankers and business leaders for contributions to his SS welfare fund, from which he did not personally benefit, oddly enough. The companies contributing comprised a list of important banks and industries: Deutsche Bank, Dresdner Bank, Commerzbank, the Reichstag Bank, the J.H. Stein Bankhaus, Norddeutscher Lloyd and Hamburg-Amerika shipping companies, the Dr.

August Oetker Food Production Company, and such giant firms as I.G. Farben, Mitteldeutsche Stahlwerke, Siemens-Schuckert-Werke A.G., Portland Cement Rheinmetall-Borsig, and the Reichswerke Hermann Goering. The money designated to Himmler's fund was deposited into General Account S in the J.H. Stein Bankhaus of Cologne. Baron Kurt Freiherr von Schroeder was a board member and a partner in this bank, and Karl Wolff, Himmler's senior aide, was authorized to draw checks for SS welfare purposes on this account.

But the Himmler fund had shrunk below 1 million marks a year when Reichsleiter Bormann established his Adolf Hitler Endowment Fund of German Industry. Up he came with another inspiration: the Fuehrer's Winterhilfe, a fund to which all Germans, within the Third Reich and abroad, could contribute for the welfare of all troops and civilians impoverished by war. As a further source, industrialists and their wives were invited to the Reichschancellery in Berlin, where in the ballroom a concert was performed by noted German musicians. Walther Funk, minister of economics, commented: "It was there where the 'kick-in-some-dough' arias were sung. Every guest was compelled to subscribe to a contribution. Individual contributions ran as high as 100,000 marks. This 'winterfund' alone accumulated almost 3 billion marks, which drew handsome interest in the Reichs-bank."

Bormann also collected royalty payments, on behalf of the Fuehrer, for all postage stamps sold that bore Hitler's picture.

With such monies under his control, Bormann now held power-of-the-purse over all the other Nazi leaders, including even the Gauleiters who ran the party machinery across Germany. All looked to Bormann for their annual funding. He set the housekeeping budgets for Hitler himself and his girlfriend Eva Braun, as well as for Goering, Goebbels, and Himmler. Eva Braun received her monthly checks in Munich, where she worked as a secretary for Heinrich Hoffmann, Hitler's official photographer; Bormann also collected fees for the worldwide sales of Hoffmann's pictures of the Fuehrer.

It riled the top Nazis to have to ask Martin Bormann for money. It was like going to a banker, with reasons laid out for intended use of the funds,

papers to be signed if the sum exceeded the individual's budget allowance, etc., etc. Even Heinrich Himmler, Reichsfuehrer of the SS and chief of the German police, had to petition Bormann for a personal loan from the party chancellery fund; he had a wife and was keeping a mistress, and was financially in over his head. Bormann granted him the loan from the fund, and later used the information against him with Hitler, who was prudish in such matters. Hitler, of course, kept his own mistress, but insisted that married Nazi leaders should maintain high moral standards.

Members of the Nazi inner circle referred to Martin Bormann with derision, calling him behind his back “the bookkeeper,” or “the banker.” But he knew what he was doing, and always landed on his feet. When he married, it was a wedding witnessed by the top-flight leaders of National Socialism. The wedding portrait shows the new Herr and Frau Bormann seated, and standing behind them six who attended, including Adolf Hitler and Rudolf Hess. Mrs. Bormann’s father, Walter Buch, who was the high judge of National Socialism’s legal tribunal, is also in the picture. As time went by he, too, developed a hearty dislike for Bormann; when he died in 1947, almost in his last breath, he declared to his family, “That damn Martin made it safely out of Germany.”

Another photograph demonstrating Bormann’s ascendancy is the group picture taken at Hitler’s birthday party, on April 20, 1938, at Berchtesgaden. Next to the Fuehrer and Eva Braun are Reichsleiter Bormann and Mrs. Bormann; he in white tie and tails reminds one of a young Rod Steiger. Albert Speer appears in the second row, obviously positioned there by Bormann, whom he referred to later that evening as “the man with the hedge clippers,” because Bormann devoted himself to preventing anyone else from rising above a certain level. Speer- was to complain later, “Things became so difficult for me that I often wanted to give up and resign my post.” Noticeably not in this picture was Rudolf Hess, deputy to the Fuehrer and deputy of the party, an indication of his declining influence. Even in 1938 Bormann was the man to watch.

By this time, Martin Bormann had taken into his own hands all of Hitler’s financial affairs, and the Fuehrer had no further personal concerns in this area. Bormann had also brought up tracts of land at Obersalzberg, built

roads, barracks, concrete air raid shelters, and an official Bavarian residence for Hitler at Berchtesgaden. On nearby hilltops he constructed modest chateaux for Goering, Goebbels, and himself. By building residences for these two he had kept them from being overnight guests of the Fuehrer. He also constructed the Eagle's Nest, a conference area atop a granite mountain, accessible only by elevator, and with a breathtaking view of Bavaria. Reichsmar-shal Goering, of course, had his own tremendous holding, Karinhall, in eastern Germany, and Goebbels, minister of propaganda, maintained a home and his large family in the Berlin suburb near the Wansee. Bormann went on, and purchased the house in Branau, Austria, where Hitler was born, and the house of Hitler's parents in Leonding, for the Fuehrer. Deeds for all this property in Obersalzberg were entered in the land register in Martin Bormann's name.

Bormann's growing scope of influence was out of the reach of other leading Nazis. He avoided publicity carefully, like many a financial mover and shaker of our day. In Bormann's world there were two kinds of people: those he could win over and subordinate to his purposes and those he had to fear. Basically he distrusted everyone, and collected information constantly for his personal index-card files. Even Reinhard Heydrich, a chief plotter of the SS, was awed by Reichsleiter Bormann's ingenuity. "There is a real master of intrigue and deceit," he remarked at a dinner party in Berlin.

Joseph C. Fest, the German author, has described Bormann as

Germany's secret ruler. . . . Apart from his indirect influence on Hitler's person, he came increasingly to dominate the whole Party apparatus. He deprived Rosenberg of part of his ideological authority and Ley of his jurisdiction over political personnel, and Reich Minister Lammers, head of the Reich Chancellery, found himself relieved of important responsibilities. Bormann dismissed and appointed Party officials (Gauleiters were subordinate to him personally), made massive use of his rights to a voice in appointments and promotions in all state and even military departments, gave or withdrew his favor, praised, bullied, eliminated, but stayed in the background, and at all times kept up his sleeve one more suspicion, one more piece of flattery, than his opponent. His

nebulous position has been fairly compared to Stalin’s power during Lenin’s last days.

Bormann’s closeness to the military leadership is shown in another photograph, taken on January 27, 1938. It was just after Hider had shaken up the War Ministry and General Staff, and had assumed personal control of the High Command of the armed forces, the O.K.W. Standing between Hitler and Bormann is Field Marshal Wilhelm Keitel, chief of staff of the armed forces. Behind, in three neat rows, are those who survived the political struggles. Hitler had said he was frustrated by the negative attitude of his generals; he retired sixteen of them and posted forty-four others to field positions. Traditionally, strong national leaders have objected to the undue caution of generals. President Lincoln fired his share before he got Ulysses S. Grant; it was the procedure followed by Winston Churchill when he took power the night of May 10, 1940. After assuming the duties of both chief of state and minister of defense, he shook up his military command in no uncertain manner.

May 10, 1941, was a date to remember in Martin Bormann's life. That night Rudolf Hess, deputy Fuehrer, had removed himself from all competition for Hitler’s favor by flying to Scotland and parachuting to the Duke of Hamilton’s estate, as an unofficial emissary to Hamilton, to arrange peace with Britain so that his Fuehrer would have freedom of action to invade Russia. It was a mission undertaken presumably without Hitler’s knowledge, and it was an embarrassment to the German leader. Commenting on the astonishing development at the time, Prime Minister Churchill had said, “It was as if my trusted colleague, Anthony Eden, the foreign secretary, who was only a little younger than Hess, had parachuted from a stolen Spitfire into the grounds of Berchtesgaden.”

Hitler was puzzled and enraged over Hess’s deed; Martin Bormann was not —at least he sensed the motivation behind it. Hess had found himself in political eclipse, superseded by Bormann, now merely a party functionary to be used for speeches and other public appearances. Even when it came to jobs, the party rank and file went no more to Hess, but to Bormann, who was “the” man to see for patronage. Luncheon or tea with Hitler was

no longer an intimate occasion for Hess; the guest lists had been expanded to include generals and many more. Bormann controlled this, too, but the incident that put Rudolf Hess in the social deep freeze occurred the day he arrived at Berchtesgaden accompanied by his own cook. He didn't care for the food Hitler served and brought his own chef to prepare his lunch. It was not until the meal was half over that Hitler realized Hess was eating food different from the others. He shouted at Hess that if he did not like the food served at Berchtesgaden he could eat elsewhere. Hess left and Hitler cooled off, but their relationship was never the same again. Hess, however, continued to idolize the Fuehrer. He reasoned that if he could arrange peace between Britain and Germany, where so many others had failed, it would provide him with a special niche in German history and in Hitler's affection.

Hess's flight to Scotland was a remarkable feat. He had practiced his night flying skills over Munich and Augsburg. On May 10 he climbed into his personal Messerschmitt-110 fighter, took off, and soared toward the British Isles. He had memorized the correct identification signals which would see him through the German fighter command defensive network. But once over the North Sea he was on his own. He headed for west Scotland and bailed out, descending almost on target. Wearing a Luftwaffe uniform, he told his farmer captors that his name was Lieutenant Horn. He asked to be taken to the Duke of Hamilton, commanding a fighter sector in the east of Scotland, who drove rapidly home. The duke interviewed Hess alone at first, then had his secretary telephone Winston Churchill, who was spending the weekend outside London at Ditchley. Churchill knew the duke, but could think of no reason why he should receive a call from him. He was watching a Marx Brothers film, the hour was late, and his confidant, Brendan Bracken, took the call. Bracken rushed back into the room with the news that Rudolf Hess was in Scotland, hoping for a peace meeting with King George VI, to be arranged through the duke.

If Hess's arrival was a surprise, his desire for an audience with the King of England was pure Marx Brothers. He had met the Duke of Hamilton in Germany during the peacetime years, and knew him to be Lord Steward, a personage, he reasoned, who would probably be dining every night with the King and have his private ear. Here was his channel of direct access to the

top, and he looked to the duke to provide it. But, of course, the duke telephoned Churchill at Ditchley outside of London. The prime minister wandered outside the room where "the merry film clacked on," to learn the extent of damage being done by German bombers on this night. It was bad. He reentered the room where his hosts were sitting, and had Brendan Bracken ask that the duke travel to London the following day to tell him all about it. Hess was placed in the local jail the first of many stops which were to take him to the Tower of London, and ultimately to life-long imprisonment in Berlin's Spandau prison. Churchill later termed Hess's mission a "completely devoted and frantic deed of lunatic benevolence. He came to us of his own free will, and, though without authority, had something of the quality of an envoy. He was a medical and not a criminal case, and should be so regarded."

On the night Rudolf Hess landed in Scotland, London was suffering the most deadly firebombing of the war. I was at the time an American war correspondent, based in London following the British Expeditionary Force's retreat from Dunkirk. Each night, from September 7 to November 3, German aircraft dropped bombs; in the twelve-month period from June 1940 to June 1941, civilian casualties in the city were 43,381 killed and 50,856 grievously injured. Sleepless nights were followed by dreadful mornings, with familiar streets transformed into jagged ruins. Everywhere was the smell of pulverized brick and mortar, as rescue squads dug for any who might yet be alive in the rubble. For me, daily broadcasts had to be made and regular copy had to be filed.

On this night, the Luftwaffe waited until nearly midnight to firebomb, the hour of low tide in the Thames, when fire hoses would suck nothing but mud. The first dreaded planes roared over the city about ten in the evening, carrying the high explosives that would rip up even more streets and destroy water mains; then came the aircraft to firebomb and set afire what they could. That night 3,000 Londoners died in their air raid shelters. The City of London was afire. The House of Commons was hit, and the docks along the Thames and three railway stations blazed until dawn.

The evening started languidly. I was at Number 10 Downing Street, a guest of the Churchill family. Mrs. Churchill, the three girls, Diana, Sarah, and

Mary, and I feasted on a special treat, caviar sent to the prime minister from Josef Stalin. The pleasantly furnished drawing room looked out on a garden, where recently there had dropped a German one-ton land mine, expedited by parachute so as to ensure maximum surface damage. Almost whimsically, the parachute had caught in a tree. The mine swung in the breeze until removed by the bomb disposal squad. On an earlier evening, in the winter, during dinner, Mr. Churchill had suddenly jumped up and shepherded everyone outside, across the street, to the bomb shelter —a premonition. Within minutes, a 500-pounder landed in the back garden, destroying the dining room. Had Winston Churchill been killed that night, and he certainly could have been, Hitler might well have won his struggle with Britain-with just one bomb. Churchill was indeed Mr. England; it was his foresight and determination that was holding the nation together until the United States could gear up and make up its mind to come to Britain's assistance.

On this evening, as I visited with the family, the general tenor of the conversation was "When will the Yanks come?" It was not to be until after December 7, when the Japanese made their attack on Pearl Harbor. Still, the prime minister had talked on the telephone with President Roosevelt earlier, and the Churchill ladies reflected the optimism that their father exuded. I remember one of them remarking, "With the Yanks to back us up, we will make it all right."

The drawing and dining rooms had been restored by that night of May 10, and back in its place on the mantelpiece was the miniature porcelain fish, touched for good luck by everyone entering the room. After a while the first wave of German planes approaching London was audible; then the terrifying crescendo of high explosives, followed by geysers of water shooting up from wrecked pipes in the streets, then a long silence. Mary and Sarah Churchill and I decided to leave Downing Street for the City of London. Both of the young ladies were in military uniform. We went to the Savoy Hotel, and while we were there firebombs came down. We went outside and walked up Lleet Street to within sight of St. Paul's Cathedral, where we were stopped by police barricades. I made my own way, taking pictures, and interviewing some of those fighting the biggest fire to hit London since 1666.

Walking right into St. Paul's, looking for the dean, I found him below ground in the crypt, reading Greek poetry by lamplight, alongside the tomb of Admiral Lord Nelson. This elderly clergyman explained to me that he had descended there at the insistence of his staff. "It was different in World War I," he sighed. "I was more agile then, and they had me kicking firebombs from the roof of St. Paul's. They were being dropped from Zeppelins, don't you know."

When reports of Hess's adventure reached Berlin, there was not much that Hitler and Bormann could do about it. Goebbels issued a statement that the deputy Fuehrer had been ill at the time. Then, days later, from headquarters came the announcement:

The former post of Deputy to the Fuehrer will henceforth bear the title of Party Chancellery. It is directly subordinate to me. It will be directed as heretofore by Party Comrade Martin Bormann.

(signed) Adolf Hitler

The wording was brief and low key, but it marked a giant leap forward for Martin Bormann. Henceforth, the entire party ministry would be under him. Every Nazi within Germany, in occupied Europe, and overseas was answerable directly to him. Within the year Hitler added to Bormann's titles those of Secretary to the Fuehrer and Lieutenant General of the SS. Bormann's power base was complete.

The Auslands-Organisation (A-O) of the NSDAP was a vast network of German nationals living in other countries. It was founded on May 1, 1931, in Hamburg, and according to its charter was to be a means of keeping Germans abroad abreast of the philosophy and political programs of Hitler's National Socialist Party. As war drew near, it became an intelligence network for the Third Reich. Its nominal leader in the late thirties and throughout the war was Ernst Wilhelm Bohle, state secretary of the Foreign Office. In reply to a question put to him concerning the identity of his immediate superior, Bohle replied, "Rudolf Hess, until 1941 when he went to England." And, answering the logical follow-up question as to who had succeeded Hess, "Martin Bormann. Martin Bormann automatically succeeded Hess."

Bohle denied that the A-O was ever used for intelligence gathering, but all evidence was to the contrary. The speed with which information was obtained and sent back to the Foreign Office in Berlin exceeded even that of Himmler's overseas SS operation. In Holland, as one example, the chief A-O representative shared offices in The Hague with a German military intelligence unit, which consisted of a mere dozen professionals who knew their trade. When specific information about any town or hamlet in Holland was required, they asked a man named Butting, the A-O leader of the German Citizens' Association in Holland, who got it for them quickly. This association filled two functions: espionage, along with its primary function of being a fifth-column agency.

The Auslands-Organisation published the *Year Book of the Foreign Organization.* In 1942 it wrote about "the enlargement and extension of the German Legation in Oslo and of the consulates at Bergen, Trondheim, Stavanger, Kristiansand, Ham-gesund, Narvik and Kirkenes." This also meant "enlargement of the Reich agencies of the NSDAP in Norway having to increase its field of activity too." This article also stated: "The success of their work, which was done with all secrecy, was revealed when, on 9 April 1940, German troops landed in Norway and forestalled the planned flank attacks of the Allies."

Not all Norwegians were supporters of the resistance. According to John Lukacs, the distinguished historian: "The number of people in the Norwegian resistance who died in the Second World War was less than the number of Norwegian pro-Nazis who died as members of their Free Corps on the Russian Front."

It was much the same story in all countries that fell before the troops of the Third Reich. The Auslands-Organisation was a so-called fifth column in advance of German armies, and served as an auxiliary force when those armies arrived. As the leader of the A-O in Greece put it, "I organized the employment of all party members to do auxiliary service for the armed forces."

Nations such as Spain that remained officially neutral during the war had A-O representatives operating on a large scale within their borders. Linked closely with German consulates and embassies, they communicated directly

with Berlin by wireless. One telegram, dated 23 October 1939, from Dr. von Stohrer,

German ambassador in Madrid, to the Foreign Office in Berlin, asked for permission to rent “a suitable isolated house for the possible installation of a second secret radio transmitter.” Added on was, “Please submit to Gauleiter Bohle.” All information gathered abroad by the Auslands-Organisation went to the SS, the Gestapo, the Abwehr, and the Foreign Office, for which it served as branches of the Foreign Intelligence Department in both hemispheres, including North and South America.

In the United States the German-American Bund received financial and other support from the Auslands-Organisation. The bund received instructions from the NSDAP on how to build their political organizations, how and where to hold mass meetings, and how to handle their propaganda. In 1938 the order was issued by Hitler prohibiting members of the German embassies and consulates from having further relations with the bund. Hitler felt that overt activities by this German-American organization would be detrimental to the future interests of the Third Reich in the United States. Regardless, embassies and consulates around the United States continued to feed strategic data back to Berlin in a covert manner. Von Strempel, first secretary of the German Embassy in the United States from 1938 until Pearl Harbor, served as the clearing agent for special data from other confidential agents in various cities around the country. There were also Dr. Draeger, consul in New York, a liaison with the A-O; Wiedemann, consul general in San Francisco; Dr. Gissling, consul in Los Angeles; von Spiegel, consul in New Orleans. Their reports went to Berlin and to the deputy Fuehrer, with distribution copies to all intelligence services of the German government.

All business organizations abroad had their Auslands-Organisation men. Outside of Germany, the employees of the three big banks, Deutsche, Dresdner, and Commerzbank, all had to be party members and were supervised by the Auslands-Organisation. Rudolf Tefs was an employee of the Dresdner Bank in Alexandria, Egypt, from 1934 to 1939. He returned to Frankfurt at the start of the war, and became a paymaster in the German army in 1940. Saying that he had been an NSDAP member since 1938, he

added, “All bank employees in Alexandria and Cairo were members of the party. . . . Personally and socially and politically, we were under the A-O.” He commented that the relationship between the leading manager of the bank and the German Embassy and consulates was very close: “The two leading men of the A-O, Lehman and Sieber, were also leading individuals in the Dresdner Bank.” Hans Pilder, official of the Dresdner Bank in Turkey during the same years, commented, “The A-O usually opposed non-Nazi officials of the Dresdner Bank in foreign countries.”

Reichsleiter Martin Bormann inherited this vast intelligence and fifth-column system upon assuming leadership of the party. He tightened it up and instilled it with a new purpose; it became an instrument used to implement his flight capital program in the last few months of the war. However, in comparison with another organization within the I.G. Farben structure, the Auslands-Organisation was second best. This, too, reported to Martin Bormann.

I.G. Farben's N.W.7 office in Berlin compiled military and economic data on all countries for the Wehrmacht. This department was staffed with men of recognized ability in all branches of business and science. It was under the direction of Dr. Max Ilgner, nephew of Hermann Schmitz, I.G.’s president, who was known throughout the industrial world as “the master of financial camouflage.” Farben had offices and representatives in 93 countries, and no social gathering of businessmen was too small to be covered by an N.W.7 representative, whose reports on market conditions, factory installations, raw-material supplies, and research were transmitted immediately to Berlin and Dr. Ilgner.

In the United States, N.W.7 operated through the firm of Chemnyco, Inc., an American-formed subsidiary. Chemnyco sent tremendous amounts of information ranging from photographs and blueprints to detailed descriptions of entire industrial complexes and secret processes. From the United States the new method for production of isooctane, used for motor fuels, was obtained. A leading I.G. scientist has stated that this important process had originated “entirely with the Americans and had become known to us in detail in its separate stages.” The process for producing tetraethyl lead, essential for the manufacture of aviation gasoline, was

obtained by Farben in the same way. An I.G. official, commenting on the importance of this acquisition, stated: “Without lead-tetraethyl the present method of warfare would be unthinkable. The fact that since the beginning of the war we could produce lead-tetraethyl is entirely due to the circumstances that shortly before, the Americans had presented us with the production plans complete with experimental knowledge; thus the difficult work of development (we need only recall the poisonous property of lead-tetraethyl, which caused many deaths in the United States) was spared us, since we could take up the manufacture of this product together with all the experience that the Americans had gathered over long years.”

To be sure, I.G.’s own research facilities produced many a scientific breakthrough for the Third Reich. Its experts developed the noted Buna Process for the manufacture of synthetic rubber, freeing Germany from dependence on natural rubber. It developed the hydrogenation process for making motor fuels and lubricating oils from coal. Germany’s shortage of bauxite, the raw material essential to manufacture aluminum, was surmounted by its developments in utilizing the element magnesium. This was a time of stockpiling. What N.W.7 could not purloin, I.G.’s board of directors asked for under cartel arrangements with other international firms. In one instance, it purchased 500 tons of lead for production of high-grade aviation gasoline, obtained by a Farben Swiss subsidiary from the Ethyl Export Corporation of America. As it made such purchases on the world market in the late thirties, Farben continued to produce and stockpile everything useful to the German armed forces. Of 43 major products by Farben, 28 were primary needs of warmakers. I.G. made all the synthetic rubber in Germany, all the methanol, the serums, and the lubricating oils. I.G. provided 95 percent of the poisonous gases as well as over 90 percent of the nickel and plastics; 88 percent of the magnesium derivatives used by the Luftwaffe in its aircraft and incendiary bombs came from Farben, as did most of the nitrogen and explosives for the flying bombs and the V-2s. No other German war industry could have functioned without Farben’s raw materials and technical assistance.

This huge organization functioned as a manufacturing and research arm of the German government, with the responsibility of discovering all possible

means of increasing the military power of Germany. More than RM 4.25 billion was invested in new plants, mines, and power installations, with other millions going into new research facilities. Albert Speer was to become minister of armaments and war production in 1942, but it was the money largely supplied to Farben during these preparatory years, at Martin Bormann's suggestion to Hitler, that fueled the German war machine. So close had Farben become to the government that LG. always knew in advance all invasions planned by Hitler. It was to supply the materials necessary to each conquest, and when a land had been overrun and subjugated, the Farben experts would handle the consolidation and organization of the industrial facilities as additional supply sources for the German armed forces.

As German troops swept across Europe and Hitler proclaimed his vision of a thousand-year Third Reich, I.G. Farben also dreamed of world empire. This was outlined with clarity in a document called *Neuordnung*, or "New Order," that was accompanied by a letter of transmittal to the Ministry of Economics. It declared that a new order for the chemical industry of the world should supplement Hitler's New Order. Therefore, the document stated, Farben was fitting future industrial plans into such a framework. It projected that the chemical industries of Europe, including those of Great Britain, should work for the Third Reich, and that the United States competition should be eliminated from world markets. The plan became effective only in Austria, Czechoslovakia, Poland, Romania—western and southeastern Europe—where German armies were on hand to enforce it.

Still, this market was vast for the times. I.G. Farben was the major chemical firm on the Continent, and as each country fell to Germany its acquisitions of chemical and dyestuff companies were enormous. I.G. also increased its investments in these by RM 7 billion.

The close relationship of Farben to the Third Reich leadership was underscored in other ways. I.G.'s leading officials assisted in formulation and execution of economic policies of government; its president was a member of the Reichstag; its leading scientist was a chief assistant to Hermann Goering under the Four-Year Plan; its statisticians and economists

prepared intelligence for the Nazi High Command; scores of its technicians were at any given time on loan to the air and war ministries. The importance placed by the Third Reich government on such industrial information is reflected in a letter dated August 3, 1940, to the German minister of economics from Dr. Max Ilgner, director of N.W.7, which stated:

Extensive information which we receive continuously from Chemnyco is indispensable for our observations of American conditions, especially with a view to the technical development, the possibilities for export, and the competition of foreign countries and companies, especially England. Moreover, this material is, since the beginning of the war, an important source of information for governmental, economic and military offices.

The contact men of N.W.7 throughout the world were called the I.G. Verbindungsmanner, the liaison officers between Farben back in Germany and the branches elsewhere. These I.G. Verbindungsmanner, as well as all other key Farben representatives working beyond the borders of the Third Reich, were members of the National Socialist German Workers Party. Their loyalty to Hitler and to the New Order was uncompromising, and on September 10, 1937, the commercial committee of the board of directors of I.G. Farben passed a resolution spelling out the importance placed on loyalty to the nation in selection of employees:

It is hereby understood that in no case will men be sent to our foreign companies who do not belong to the German Labor Front and who do not possess a positive attitude toward the New Order. The men who are to be sent should make it their special duty to represent National Socialist Germanhood. Especially are they to be instructed that upon entering our companies they are to make contact with the Ortsgruppe of the respective Landesgruppen [organizations of the Nazi Party within the various countries] and regularly participate in their meetings as well as in the Labor Front. The sales departments should also see to it that an appropriate amount of National Socialistic literature is given to them. The cooperation with the A-O to work out a

uniform plan for the purpose of detecting defects still existing in our foreign companies to the end that they can be eliminated.

So now Martin Bormann had at his command not only the Auslands-Organisation but also the I.G. Verbindungsmanner of Farben, which could be counted on to heed his orders when it was time to disperse the commercial assets of the Third Reich. Farben, Krupp, Bayer, and other major German firms outside of Europe had long been accustomed to complying with orders from the Fuehrer's headquarters—that is, Bormann—in Berlin. In Brazil, the agencies of the Bayer division furnished the equivalent of RM 3,639,343 to the German Embassy and to representatives of NSDAP traveling from Berlin to Brazil for espionage and propaganda purposes. In Spain, when the German Embassy wanted Spanish pesetas, I.G. Farben supplied them, being repaid by the home government in Berlin, a bookkeeping transaction. In Mexico City, the relationship between Farben and the German government was emphasized by a telegram dated September 2, 1939, to I.G. from the Cia. General de Anilinas, S.A., Mexico City. It read:

IN CASE OF WAR LEGATION ASKS FIRMS MEXICO TO LET THEM HAVE MONEY ON A LOAN BASIS AMOUNTS SHALL BE REFUNDED BY GERMAN GOVERNMENT. PLEASE AUTHORIZE MONTHLY PAYMENTS PESOS 10,000 ON BEHALF OF ALL I.G. AGENCIES. MEXICO PRESS MUST BE INFLUENCED.

A notation on the bottom of this telegram, once in Germany, read: "Board agreeable. Dr. Overhoff informed." Such payments abroad before and during World War II were of importance to the German government in the acquisition of raw materials and in the financing of sabotage, espionage, and propaganda.

I.G. Latin American firms all maintained, unrecorded in their books, secret cash accounts in banks in the names of their top officials. These were used to receive and to disburse confidential payments; firms dealing with Farben wanted this business but certainly did not wish it known to British and United States economic authorities. Georg Wilhelm Marty, a German auditor, traveled with some frequency between Germany and South America during these war years to audit the books of the various branches

of the Deutsche Sudamerikanische Bank. He was “on loan” from the Dresdner Bank, and explained in a sworn statement to investigators at the Nuremberg Trials (I took this from a document on record in the National Archives in Washington, D.C.) how this and other secret accounts were handled:

The Buenos Aires branch of the Deutsche Sudamerikanische Bank held an account for the German Embassy in that city, and also an account for the Buenos Aires Ortsgruppe of the NSDAP. Similar accounts were also held by the Deutsche Uberseeische Bank, the South American affiliate of the Deutsche Bank. With respect to the Ortsgruppe account, most South American branches of German firms made contributions three or four times a year of approximately 100,000 Argentine pesos. These payments involved transfers from the accounts of the various firms held with the Deutsche Sudamerikanische Bank to the Ortsgruppe account. The occasions were such events as the Winterhilfe Drive, Hitler's birthday, etc. Among the most important clients of the bank were I.G. Farben, Schering, Vereinigte Stahlwerke, Merck, Siemens, A.E.G., Weiss, and Freitag. Among the uses made of the Ortsgruppe account were the transfer of portions of the monies contained therein to Germany for Winterhilfe and payments to the local NSDAP staff.

Payments into the Embassy account in the Buenos Aires branch were made from deposits of the Foreign Office in the Berlin office of the Deutsche Sudamerikanische Bank. Money to the Embassy account were also transferred from Germany to Argentina indirectly via Mexico or Switzerland.

Between 30 and 40 percent of the German employees of the Deutsche Sudamerikanische Bank branch in Buenos Aires were members of the NSDAP.

Martin Bormann now had a vast overseas financial and commercial network to do his bidding. It was a sturdy beginning, and it was to grow in strength and numbers in the next two years as he organized all German corporations and banks into his safe haven program of flight capital.

3

TO HISTORIANS OF THE NAZI SS, 1943's SIGNIFICANT events were the surrender of Stalingrad, the ending of hostilities in North Africa, the appointment of Heinrich Himmler by Hitler as minister of the interior, the capitulation of Italy, and the rescue of Mussolini by SS Brigadefuehrer Otto Skorzeny from an Italian mountaintop fortress. Historians with a broader focus on the European war would include: the round-the-clock bombing by RAF and U.S. Air Force planes of German cities and other key targets, the Battle for the Atlantic in climax and conclusion, the massacre of Polish Jews in the Warsaw ghetto by SS troops (to be repeated with even greater ferocity in 1944 as Russian divisions stood idly outside the Polish capital, on orders from Stalin), the formation in Algiers of the French Committee of National Liberation, at first under generals Giraud and de Gaulle, later under de Gaulle alone, the Allied landing in Sicily, the casting down from power of Mussolini by vote of the Fascist Grand Council, the Allied crossing of the Mediterranean to mainland Italy, the new Italian government under Marshal Badoglio that shifted its support from Germany to the Allies, and the meeting of Churchill, Stalin, and Roosevelt at Teheran to coordinate plans for a final attack on Germany.

But to Bormann the most telling event of 1943 was the appointment of Himmler Reichsfuehrer of the SS and chief of police, to the additional position of minister of the interior of the Third Reich. This was seen by Bormann as a threat to his control of the 42 *Gaue*, or districts, whose leaders reported directly to him. Albert Speer also perceived it as a potential dissolution of Bormann's domestic power base, so he looked anew to Himmler as the one who could accomplish what he had failed to do—win out over Bormann in the political infighting for control of the domestic economy. Himmler attempted to pull the Gauleiters into line by sending them orders through district SS commanders. The Gauleiters complained to Bormann, who had Hitler prohibit any more such steps.
Himmler immediately pulled out, and the Himmler-Speer alliance came to an end.

Martin Bormann was now sole leader on the domestic front, and he went further to strengthen his hold over the economy. The aging, old-line

Gauleiters were replaced with his new breed of administrators, typically with legal training, to handle the complex matters of an economy that, since the fall of Stalingrad on February 1, was moving rapidly into full war production. Each district leader had committees constantly surveying the entire spectrum of his regional economy. There were committees on insurance, electric power, steel, coal, and industry in general. Their reports went directly to Bormann, who dictated the directives that kept the economy in tune with his thinking. Whenever Albert Speer would try to expand his area of armament production, he would receive a curt memorandum from Martin Bormann to desist. Speer attempted to bring into his ministry's jurisdiction the Peenemiinde rocketry production, and sent Hitler a request to this effect. The reply was negative and bristling, and came not from Hitler but from Reichsleiter Bormann.

In 1943 Bormann moved to control banking by expanding regional economic committees into the financial field under his department III-B, a unit covering finance and special fiscal projects of a highly confidential nature to which his district economic advisors belonged.

Reichsleiter Bormann's move to place the banking structure of the Third Reich in his domain was understandable, for without the banks he couldn't exercise full control of industry and the economy. In the last years of the war, big banks had nearly all German industry under their control. This was done in several ways: through ownership of stock and the right to vote stock owned by others; through bank officers and stockholders sitting on the boards of the big corporations, and, in turn, including representatives of the largest corporations on their boards. Then, when limitations to the size of the boards were mandated, they continued to extend their sway over German industry by setting up regional committees, *Landes-ausschuesse* to which leading industrialists in the various regions would be invited to belong. It was considered a great honor to do so, with the opportunity to attend two or three meetings a year at large dinners, to which officers of big banks would journey from Berlin.

Thus, the big Berlin banks maintained their influence over all parts of German industrial life. When a law was passed limiting the number of directorships any one man could hold, it put the small bankers at a

disadvantage because the big banks could divide their directorships among the many members of their management. Also, by putting officials of leading industries on the regional committees, which were not limited in number, and which in the case of the Deutsche Bank listed several hundred members, they were able to spread their influence even further.

By inviting the local industrialists to serve on these committees, they, of course, obtained the business of such companies and would extend credit to the companies, when needed. They obtained further control over industry through their ability to call in the money due under the credits they extended to the local industrialists. By these means, the big banks continued to an increasing extent to capture the customers of the small private banks.

For these reasons, the district economic advisors of the party urged Bormann to assume control of the big banks. The smaller regional banks and their customers were unhappy over the domination exercised by the large Berlin banks, and resented having all their banking decisions now referred by regional private banks to head offices in Berlin. Bormann was agreeable to such a move: it would give him greater influence with all major banks, and he foresaw needing at a later date their good will and assistance in moving capital around the world.

The major corporations did not mind Bormann applying additional checks on the banks, which they thought had become too domineering and cavalier toward their own needs. They were aware that German banks administered 70 percent of the capital of all German stock companies.

At the same time, many large corporations held large blocks of stock in the very banks that served them. Siemens & Halske A.G. of Berlin, a giant electronics firm with many subsidiaries and extended worldwide (the General Electric of Germany), had bought into Deutsche Bank in 1930 during the economic crisis. It held 1 million marks of Deutsche Bank stock until selling it in 1942. It was a quiet deal, Siemens & Halske not wanting its competitors to know about its insider position. At annual meetings the firm always had “neutral parties,” a notary public, a lawyer, or some friend of the bank vote its stock.

A like situation prevailed with H.F. & Ph.F. Reemtsma, an international tobacco firm located in Hamburg. It had acquired 5 million Reichsmarks of Deutsche Bank stock during the same banking crisis of 1930, but held on to it through the years. In later days, the bank asked Reemtsma to buy several million more shares of its stock that was floating in the market, inasmuch as Deutsche Bank was not permitted to buy its own shares. In appreciation, the bank extended guarantee facilities to Reemtsma to cover cigarette tax stamps of 25 million marks. Again, the stock was voted anonymously for Reemtsma by neutral parties.

I.G. Farben, however, was of such size and generated so much cash flow of its own that it didn't need to hold bank stock to extract favorable treatment. It could tell its prime bank what to do and how to do it at any time. Hermann Schmitz, president of the management of I.G. Farben during twelve years of the Third Reich and an early Hitler supporter, once told Nuremberg investigators how Deutsche Bank functioned for I.G.

"The banking transactions performed by Deutsche Bank were mostly in collection of money from customers. They always led the syndicate of banks when increases of capital and issue of debentures were necessary. Generally I tried not to arrange loans with banks. I made one exception when I arranged a revolving credit of something like RM 170 million in 1942 for General Motors which could be repaid and taken up again over a period of time. This credit was intended to be used in the beginning of 1945 but because of the difficulties of that year it could not be used."

Schmitz said that Deutsche had become their primary bank because it "was the bank with the old relations with the Badische Anilin and Soda-Fabrik and Farbwerke vorm. Friedr. Bayer & Co., and when LG. Farben was created in 1925 it was natural that the Deutsche Bank continue relations. It is also the reason that I.G. Farben always asked one member of the Deutsche Bank to come on the board of I.G. Farben. First it was Schlieper, then Schlitter, Mosler, and later on Abs."

All banks, in all countries, work together. Bankers relate to each other, even if they often to fail to understand what motivates their customers and the public in general. In Germany, the big banks were the money machines that insured the silent financing of the war Hitler was planning. In order of

fiscal strength and importance, Deutsche Bank led the Big Three, followed by Dresdner and Commerzbank (the standing of the three still today in the Federal Republic of Germany; *Fortune* magazine places these among the 50 largest commercial banks in the world outside the United States).

Here is an explanation of the type of industrial funding by the big banks to produce the behind-the-scenes financing of the war, related by a participant of the management of Deutsche Bank. It is fairly representative of loans continually made to the munitions industry throughout the war by all big banks:

Loans to the aircraft industry in 1943 amounted to some 150 million Reichsmarks. Of the long term Government guaranteed loans, some 22 million went to Bavarian Motor Works and about 10 million to Daimler-Benz. Dornier received six million RM (of a syndicate credit of 60 million) without Government guarantee, covered by assignment of Government orders in 1943. A similar loan of 15 million Reichsmarks was given to BMW in 1944. Daimler-Benz also had a 15 million loan of the latter type, but did not draw on it until the closing months of the war. There was a large loan to the Frankfurt affiliate of the Verein Deutscher Metallwerke for aircraft purposes. I do not recall the amount, but it was substantial.

The Martin Bormann Nazi Party Committee on Banking consisted of ten district industrialists and bankers. The chairman of the committee was Hellmut Boernicke, who was general manager of the Brandenburger Provincial Bank and on the board of Deutsche Bank. Another member was Heinrich Huncke, who was president of the Chamber of Commerce in Berlin, on the management committee of Deutsche Bank, and an economic advisor of the Berlin district of the National Socialist Party. Another was Wilhelm Avieny of Frankfurt, where he was also economic advisor to the party and a management member of the Metallgesellschaft. There was Walter Jander of Dessau, who was with the Junkers Werke; he was on the board of Commerzbank and was economic advisor of Dessau. Walter Rafelsberger of Vienna was party economic advisor for Vienna. He was an engineer, but had a seat on the board of Creditanstalt-Bankverein of Vienna (owned by Reichs-and Deutsche Bank), Wolfgang Richter, an economic

advisor for the Sudetenland and manager of the Braunkohlen Syndicate of Mitteldeutschland. Julius Maier served as economic advisor of Hanover. He owned the private bank of Hanover, Julius Maier & Company. There was Dr. Walter Schieber, economic advisor for Thuringia. He lived in Weimar and was manager of an artificial wool company in Schwarza, and a member of the board of directors of the Dresdner Bank during the final months of the war. Christian Franke, economic advisor for Muenster and Westphalia, North, was also president of the Muenster Chamber of Commerce and head of a large lumber company. Karl Heinz Heuser served as an alternate to Huncke on the Bormann Nazi banking committee, and also served as an alternate economic advisor for Berlin.

This banking committee not only had government access to all German bank operations and a degree of control, but it also placed representatives on the boards of each bank. The big banks did not object, merely insisting that these men not be party hacks but party professionals who had a feel for and understanding of finance. The bankers of Germany have always looked to the seat of their government for guidelines, and if this was what Bormann wanted they would go along. From the Fuggers of the sixteenth century or the Rothschilds of the eighteenth century, bankers in Germany could make or break governments, and did. But during the era of the Third Reich, their period of enormous power, they had become virtually a second government. Bank chairmen were consulted by the Nazi Party on every economic and financial question that arose. Baron Kurt von Schroeder, a well-known banker of Cologne during these years and an economic advisor to Bormann's economic committee, commented that Dr. Hermann Josef Abs, chairman of Deutsche Bank, was particularly important to the government of the Third Reich.

"His influence was mainly with the Reichsbank and with the Ministry of Economics. Abs proved very valuable to the party and to the government by using his bank to assist the government in doing business in the occupied countries and in other foreign countries. Abs enjoyed excellent relations with Walther Funk, who was both president of the Reichsbank and head of the Ministry of Economics."

Walther Funk stated that the bankers and banks of greatest importance in German financial affairs abroad were "Abs (Deutsche Bank), Goetz or Rasche (Dresdner Bank), Rode-wald (Reichskreditgesellschaft), Radort (Aerobank) ." Funk added that this last-named bank, the Bank der Fuftfahrt (Aerobank), "confined its activities largely to the monetary affairs of France and Norway. But Deutsche Bank and the Dresdner Bank had few limitations on their activities, due to their worldwide associations and prestige in finance." Even within their own organization, much of their personnel reflected the Nazi Party. Branch managers of Deutsche Bank were to a man members of the party; of course, management insisted that all be first-class bankers, men who had come up through the Deutsche Bank ranks to positions of authority.

While the Big Three of German banking were vital to the funding of the German war machine, both before and during the war, Deutsche Bank was much more so, for it was the lead bank in establishing economic authority over the banks and corporations of the occupied countries. When the German armies were preparing to invade the Rowlands and France, Deutsche Bank submitted to the Ministry of Economics its plan for insuring economic control over nations about to be overrun by the Wehrmacht. Dike I.G. Farben and its “New Order” for the European chemical business, Deutsche Bank’s plan was also named *Neuordnung.* It was approved by the Ministry of Economics and the Reichsbank, and when German armies moved Deutsche Bank followed.

In Belgium, control was assumed by establishing banking subsidiaries of the big German ones, which also bought majority control of existing Belgian banks. The Deutsche Bank already had its own branch in Brussels and was doing business as usual on May 19, 1940, when German troops marched into the city and proceeded to give a band concert in the Grande Place—it being a sunny afternoon. Dresdner Bank bought majority interest in Banque Continentale of Brussels and Antwerp; the Bank der Deutschen Arbeit bought into Banque de l’Ouest in Brussels; Commerzbank moved in on Banque Hanseatique of Brussels.

In Holland, German banking exploitation was achieved simply by having the Deutsche Bank, which had long been interested in Handelmaatsschappj, increase its holdings in H. Albert de Bary & Co., Inc. The Berliner Handelsgesellschaft increased its holdings in the Hollandsche Koopmansbank. The Bank der Deutschen Luftfahrt acquired all shares in N.V. Hollandsche Buitenland Bank, while several other German financial institutions secured majority shares in Rodius Koenigs Handel Maatschappin. Three subsidiaries were established by Dresdner Bank.

Deutsche Bank bought majority control of Bohmische Union Bank of Prague and the Banca Commerciale Romana of Bucharest and 30 percent ownership of the Banque Generale de Luxembourg. It purchased controlling shares from banks in Belgium and Paris, which up to that time had owned these banks of Prague, Bucharest, and Luxembourg. The Societe Generale de Belgique of Brussels and the Banque de l’Union Parisien of Paris, which

owned these banks, sold their shares to Deutsche Bank. In much the same way, this German bank bought majority stock from Belgian and French majority share-owners of Columbia Oil and Concordia Oil, both Romanian joint stock companies operating these oil-producing plants of Romania.

These economic penetration specialists of the Third Reich handled France similarly, with but a slight difference. In the years before the war the German businessmen, industrialists, and bankers had established close ties with their counterparts in France. After the blitzkrieg and invasion, the same Frenchmen in many cases went on working with their German peers. They didn't have much choice, to be sure, and the occupation being instituted, very few in the high echelons of commerce and finance failed to collaborate. The Third Republic's business elite was virtually unchanged after 1940. Jewish businessmen, of course, were penalized for being just that, along with those who joined de Gaulle. The Vichy government, and the occupation government under German domination, was run by "notables," people who had already made it in public administration, commerce, finance, and the professions. They regarded the war and Hitler as an unfortunate diversion from their chief mission of preventing a communist revolution in France. Antibolshevism was a common denominator linking these Frenchmen to Germans, and it accounted for a volunteer French division on the Eastern Front, which in actuality was useful only as propaganda for the Germans. Hitler never thought much of the volunteer divisions of occupied Europe, dismissing their existence with, "We will rise by ourselves."

The upper-class men who had been superbly trained in finance and administration at one of the two *grand corps* schools were referred to as France's permanent "wall of money," and as professionals they came into their own in 1940. They agreed to the establishment of German subsidiary firms in France and permitted a general buy-in to French companies. In 1941, French banks sold a large part of their holdings in the industrial and banking enterprises of central and southeastern Europe; after all, they reasoned, the German armies were already there, which secured French interests; and half a loaf is better than none.

In Paris the usual direct penetration took place by shareowner control of such as Worms et Cie. (now Banque Worms Group), the Banque de Paris et des Pays-Bas, Banque Nationale pour le Commerce et l'lndustrie (now Banque Nationale de Paris), and Banque de l'lndo Chine (now Banque de l'lndo Chine et de Suez Group).

On May 23, 1940, all French banks operated under the German banking administration, and fiscal operations came under the supervision of Berlin auditors. When the Japanese bombed Pearl Harbor on December 7, 1941, and President Roosevelt announced that the United States was at war with Japan and Germany, the branches of American banks in France came under German control and were closed, except for two American banks: Morgan et Cie., and Chase of New York. Both received this special treatment through the intercession of Dr. Hermann Josef Abs of Deutsche Bank, financial advisor to the German government. According to U.S. Treasury agent reports, the favorable treatment was due to an "understanding relationship" between Lord Shawcross and Dr. Abs. Sort of an "old school tie," an unspoken understanding among international bankers that wars may come and may go but the flux of wealth goes on forever. Lord Shawcross was, and is, a British financial leader in the City of London, a distinguished barrister, and a board member of many international firms; he had also been serving as special advisor to Morgan Guaranty Trust of New York, and to their French and Spanish banks. Morgan et Cie. and Morgan et Cie. Internationale S.A. and Chase of New York had their own ties to Abs. Lord Shawcross was later to become chief prosecutor for the United Kingdom before the International Military Tribunal at Nuremberg. He was to have many friendly conversations with Dr. Abs, who was under house arrest for a time in 1945. Both Lord Shawcross and Dr. Abs were to work together again in the 1950s in jointly sponsoring an international organization named "Society for the Protection of Foreign Investments of World War II," with headquarters in Cologne, West Germany-all this according to testimony and documents submitted to the U.S. Justice Department and a Senate committee in Washington.

Meanwhile, in 1940, Jewish banks in France (such as Banque Transatlantique, Lazard Freres, and Rothschild Freres) and many a more modest Jewish firm engaged in the securities business and in international

operations were seized, but were all returned to rightful ownership after 1945.

In both Belgium and France control of banks gave the Germans control of industry because banks could vote the shares they held in commercial firms, determining management's collaboration in manufacturing products for use in Germany. Control of both banking and industry in occupied countries was therefore essential to continued effective domination of a nation. People depended on factories and commercial establishments for their livelihood; they needed banks to cash paychecks and for their savings, as well as to lend them money for business expansion and home mortgages. Those eliminated from this economic circle suffered severely. With no jobs and no savings, they constituted a minority society of social and economic outcasts. Some turned to the Resistance-not too many until Allied troops were at the gates. On the other hand, as part of the "carrot," compliant workers in factories and employees of banks received part of an increased salary scale in food bonuses, so that they and their families survived the occupation in better style.

Hitler could afford to strip these countries of 153 divisions and send them to the Eastern Front in 1941. Thirty-eight divisions were enough for the Lowlands, Belgium, and France: bank control and the police, both German state secret police and the local police who worked for them, did the rest.

In Holland, because the big local banks did not have stock ownership of the firms they financed, Deutsche Bank specialists approached the industrial problem in a different way. They bought into the key firms much as they would go about negotiating a takeover in peacetime, except that their hole card was the German army.

As one example, AKU (Algemcene Kunstsijde Unie N.V., of Arnheim, Holland) was a chemical firm, which had been formed in 1929. It owned outright an important subsidiary, Vereignigte Glanzstoff, among other properties. In Germany the Dutch-owned subsidiary was Vereinigte Glanzstoff-Fabriken A.G., of Wuppertal-Elberfeld. The Germans already held a minority interest in AKU and V.G. But Deutsche Bank and Reichsbank wanted majority control, not only for the benefits it would provide to German war production in Holland, but for the increased profits

that would flow to German shareowners. This is how the transition was accomplished: AKU had common shares and preferred shares; the latter, which had the bigger voting rights, were all in the hands of members of the board of AKU. The first move was to change the composition of the board. The German Ministry of Economics, in the person of Hans Kehrl, asked a Cologne banker, Kurt Freiherr von Schroeder, to join the board of AKU and of Vereinigte Glanzstoff. Upon becoming a board member of AKU, Schroeder received 6,000 florins of shares (6 shares of 1,000 florins each). He received these as a trustee and as a member of the board. At the beginning of the war there were eight members on the board of AKU: three Germans and five Hollanders. The chairman of the board was Mr. Fentner van Vlissingen; the vice chairman was Dr. Abs of Deutsche Bank. Deutsche Bank controlled many of the AKU shares and had a leading position in the Vereinigte Glanzstoff. Liaison between the two companies was carried on by Vaubel. The eight men holding the priority shares were all now in a consortium. The Germans dominated this consortium, although technically the Dutch had a 50 percent interest. Before each meeting, when the shares had to be voted, it was decided how they could vote. The shares of the trustees had to be voted the same way. The German holders were trustees for the Vereinigte Glanzstoff. The Germans, such as von Schroeder, who had received their shares at no cost, were obligated to turn back their stock when they left the board. They were merely trustees, and voted on order for V.G., as did the priority shareholders. Before board meetings, owners of the priority shares received letters from the Deutsche Bank or V.G. management telling them how they should vote. The eight priority shareholders each held six priority shares valued at 48,000 florins. Before each meeting Dr. Abs and Mr. van Vlissingen held a short conference, at which time the course the voting should take was outlined. The leading figure was Abs; van Vlissingen would deliver the instructions as initiated by Abs.

Kurt von Schroeder said the Dutch members did as the German government desired. “They never made difficulties. Abs was the leading man because of the majority of the shares he controlled in the consortium.”

There were three American companies, North American Rayon Corporation, American Bemberg Corporation, and American Enka, all

subsidiaries of Vereinigte Glanzstoff subsidiaries. American Bemberg was a subsidiary of J.P. Bemberg A.G., itself a subsidiary of Vereinigte Glanzstoff. After the war began, it was difficult to manage the three American companies from Germany. An effort was made to have the American subsidiaries appear to be under Dutch rather than German control. The consortium of V.G. and AKU, however, continued receiving annual reports and the profits from the American firms placed on deposit to accounts in Switzerland, through Swiss subsidiaries. (In the 1950s, both AKU and Vereinigte Glanzstoff were reshuffled and became part of a Dutch holding company, AKZO NV. AKU today is AKU-Goodrich, and Vereinigte Glanzstoff has been absorbed into the American Enka Company of North Carolina. All continue profitable for AKZO NV and the Dutch and German shareholders.) The original move for control in 1941 was prompted by the German need to increase the production of artificial wool and cellulose. To fulfill this AKU needed more capital, for the construction of a new plant for the artificial wool, and it had to found a new company, SOVE, to produce increased cellulose. Deutsche Bank agreed to increase the AKU capital by 10 million florins with nonvoting certificates in Germany, retaining the original shares with its voting rights. Any who bought the certificates received the same dividends and had the right for one time only to change the certificates for original shares. Deutsche Bank, with its 10 million florin shares of capital with voting rights, was in command, but it was not until it bought additional shares of AKU in Holland that it held a majority of the total shares. The AKU shares against which certificates were issued by the Deutsche Bank were deposited with the Deutsche Bank Filiale Hamburg; in the amount of 27,762,900 florins with German stamp and 3,444,400 florins without German stamp were the amounts exchanged for certificates by the Deutsche Bank at that time, when AKU was reorganized in 1942.

If all this seems devious in a war of shot and shell, it is. But such a form of control was necessary to the long haul of occupation, in which the Third Reich envisioned a peaceful, prospering community of nations within their Fortress Europe. Commerce and industry had to go on, and profits had to flow with benefit to all involved parties and shareholders, if a common market under German direction were to succeed and communism were to be held back.

Once Martin Bormann had the German banks assume majority control of the fiscal apparatus of each overrun country and of the corporations of special worth to them, the German “Four-Year Plan” was the next step in total administration, determining precisely which individuals were to direct these enterprises in the occupied areas; also, into which German sphere of requirement such should fall.

In Holland, the overall administrator of the financial and economic plan was Dr. Hans Fischbock. The Fuftwaffe took charge of the electronics firm of Phillips, which had become a prime supplier. Phillips of Eindhoven was likewise used for special wireless projects, thanks to its astounding capabilities in the manufacture of electronic communications and radar equipment. One such was to engineer equipment that would monitor the telephone conversations between Prime Minister Churchill and President Roosevelt.

In 1940 AT&T and their Bell Laboratories had developed a device for secret telephone transmissions between the president of the United States and the prime minister of Great Britain. This so-called X-System was the first speech encoding technique that could be deciphered only at the point of intended reception. Churchill, from his command post beneath Westminster, would speak into a specially contrived handset; his words were encoded with electronic pulses called “key signals,” and transmitted by short-wave radio; received at AT&T headquarters in New York City, they would then be transmitted to the White House, where the key signals would be deleted; thus the listener, the president, would hear only the perfectly clear, original message. It was a giant leap forward in telephone confidentiality, developed by Robert C. Mathes, Ralph K. Potter, and P.W. Blye, Bell engineers.

But this unique invention of telephonic radio scrambling was about to lose its confidentiality. In 1941 a Gestapo agent within the British intelligence structure sent a coded report to General Mueller in Berlin that top secret information affecting the course and outcome of the war was being regularly exchanged over the ether between Churchill and Roosevelt. Although it is true that British intelligence had penetrated the German General Staff, it is equally true that General Mueller had his mole

inside Britain's Secret Intelligence Service, a fact unknown to either the British or Admiral Canaris of the Abwehr, who was leaking information secretly to General Sir Stewart Graham Menzies, head of MI-6.

General Mueller's agent was Charles Howard Ellis, a top-level British career intelligence officer who also served as a Nazi double agent throughout World War II. At the time of his tipoff to General Mueller, Ellis was in New York as second in command to Sir William Stephenson ("A Man Called Intrepid"), who was doing his best to move the U.S. into war against Germany with a combined propaganda and British spy operation and who later assisted in the formation and training of the American OSS. Charles Ellis learned of the Roosevelt-Churchill telephone conversations from Stephenson, who was a frequent visitor to the White House. Ellis sent his message to Mueller through Gestapo channels via Mexico City to Buenos Aires, where it was beamed to Hamburg by one of the clandestine German transmitters in that capital. The Ellis report was quickly taken by General Mueller to Reichsleiter Bormann, who promptly told Hitler about it. The Fuehrer ordered Bormann to do whatever was necessary to unscramble these conversations and provide him with transcripts within hours of their occurrence.

Under the direction of Group III of the Berlin cipher section, Bormann instituted a hurry-up program, and after many months of intensive work and many millions of Reichsmarks spent by the research institute of the Deutsche Reichspost, Dr. Ohnsorge, minister of postal services, informed Bormann that a sophisticated installation would enable them to unscramble undetected the telephone conversations between the two Allied leaders and place them in clear, listenable context. The task was described by German cryptologist Wilhelm F. Flicke: "Just imagine you are standing on the edge of a seething volcano, with a dozen yelping dogs just behind you and with a few wolves and lions howling and roaring at the other side of the crater. Add a gentle whistle to this sound mixture and you have an idea of what scrambled speech is like and what German engineers had to penetrate before they could extract words."

The chief German electronics engineer who developed this counterachievement of the Deutsch Reichspost was Herr Vetterlein. In

September 1942, under his direction, the Dutch engineers of the newly captive firm of Phillips at Eindhoven constructed the necessary installation in a monitoring station, on a spit of land close by The Hague.

Hitler was delighted each time Reichsleiter Martin Bormann placed on his desk a transcript only hours after the American president and the British prime minister had held one of their transatlantic conversations. Bucked up by the ingenuity and patriotism of his German inventors, he expressed thanks to the Phillips engineers. “Their work alone in this matter made the taking of Holland worthwhile,” he is said to have remarked to Bormann. Indeed it did, for it gave Hitler a window into the workings in London and provided him with the certain knowledge that there would be no Second Front in 1943, leaving him free to shift further divisions from the Westwall to the Eastern Front. The many hundreds of British and Allied agents sacrificed by the British in France and in the Lowlands to convince the Germans there would be a Second Front in 1943 makes a dismaying footnote in the history of World War II. Not until February 1944, months before D-Day, did British intelligence discover that its worst security leak was at the top of the pyramid, and order the Royal Air Force to destroy the Nazi monitoring station in Holland.

Bormann’s Four-Year Plan proceeded like clockwork in Western Europe, and the Germans made a special effort to apply the same to the countries of southeastern Europe. Before World War I they had large holdings in public loans, railways, banks, mining, oil, and other industrial interests in this part of the world. As a condition of the peace treaties following World War I, Germany forfeited it all, and furthermore had to pay retributive reparations to those countries that had taken the side of the Allies. Part of the Austrian and Hungarian holdings, especially in the heavy and armaments industries and in banking, were taken over lock, stock, and barrel by France and Great Britain, as well as by Belgium, Switzerland, and other nations. Thus, up until 1934, what was left to Germany was minuscule; they held only 1 percent of the total foreign investment in Yugoslav industry and less than 1 percent of the total foreign investment in Yugoslav banking.

With the advent of National Socialism, perceived as a saving grace, and the concomitant era of renewed German production, trade, and Reichsmark

diplomacy, the Fatherland once again became a force to be reckoned with in southeastern Europe, drawing it into the Nazi orbit. In 1941, when German armies slashed through the Balkans to the Aegean in five weeks, the administrators of the Four-Year Plan moved to exploit this region in a businesslike manner. They carried out the financing and development of important raw materials in Yugoslavia, Romania, and Bulgaria. For this they utilized the skills of German industrial firms to extract maximum benefits from the mining, steel, and petroleum industries. Deutsche Bank, Dresdner Bank, and Commerzbank had already gained majority control of the principal banks and industrial corporations of these countries by buying sufficient shares from their principal shareowners, French and Belgian banks.

A similar pattern was developed for Luxembourg, a country smaller than Rhode Island, whose principal industry is iron and steel. The Germans annexed Luxembourg, as they did Alsace-Lorraine, and it became an administered territory, like Poland, Belgium, and Holland, where local nationals did not serve as government. Gustav Koenigs, chairman of Hamburg-Amerika shipping line and a director of many companies, was appointed Reich trustee of ARBED, an important Luxembourg steel cartel, by the German Ministry of Economics. There were in ARBED 250,000 shares outstanding, the majority held by Luxembourgers, Belgians, and French, in that order. German shareholders, largely through their banks, accounted for 54,747 shares. Some were held by British and Americans through their secret accounts in Swiss banks. A shift in control was made when Gustav Koenigs, as Reich trustee, also became trustee of the Belgian- and French-held shares. On April 19, 1943, a shareholders' meeting was held in Luxembourg city, and the capital of the company was converted from francs into Reichsmarks. ARBED was recapitalized at 300 million Reichmarks ($120 million), and under German direction the cartel became the third largest iron and steel company in Europe, ranking behind only Germany's Vereinigte Stahlwerke and the Goering Steel Works. A sales company was then formed under the name of Luxembourg Iron & Steel Company to market all ARBED products throughout Europe. It was capitalized at RM 1.5 million. To further tighten German control over the iron and steel output of this small, mountainous country, all of the iron mines in Luxembourg were combined and amalgamated into one

unified association under German direction. This association was named "Luetzellurg," and its advisory board was appointed by the chief of the German civil administration. Gustav Koenigs, as Reich trustee of ARBED, served as president of Luetzellurg.

The two principal German banks, Deutsche Bank and Dresdner Bank, had assumed 73 percent ownership of the Banque Generale de Luxembourg and the Banque International de Luxembourg in May 1940. They bought majority shares of the two Luxembourg banks from the Belgian and French banks, where they had increased their shareholdings to a controlling interest. Both Commerzbank and the Deutschen Arbeit banks established branches in Luxembourg.

In dealing with all other aspects of the economy of occupied countries, the Germans were just as thorough. In 1939, the British insurance companies held nearly half of the French portfolios, amounting to 90 billion francs, or about $1,800 million. When France fell, all British insurance offices in both occupied and unoccupied France were closed and by agreement with the French Insurance Department in Vichy, and the German Central Organization of Insurance Carriers, a full concession was issued by France to German insurance companies. The Munich Reinsurance Company had already penetrated France before 1939 through the Societe Anonyme de Reassurance of Paris. In 1940 Nordstern of Germany acquired most of the British business. The heavy industries of France were put to work for Germany, as was the iron and steel industry in Alsace-Lorraine. By 1941 there was great bitterness in France toward the British, anyway. It appeared to the French now that most Allied military successes seemed to involve French losses. First, there was the British invasion of Syria in June 1941. Then the British blockade of the Continent began, causing grievous food and fuel shortages in France, although had the German occupation authorities not drained so much food from the French economy and diverted it to Germany the shortage would have been manageable. On March 3, 1942, the British bombed the Renault works in the Paris suburb of Boulogne-Billancourt, which caused great damage and civilian casualties. Also, the Vichy French were still smarting from the seizure of two battleships, four light cruisers, two submarines, and about two hundred small craft at anchor in Portsmouth and Plymouth. But the shelling

and bombing of the battleships *Bretagne*, *Dunkerque*, and *Provence* at Oran, and the *Richelieu* at Dakar, along with lesser vessels, turned Britain into an enemy of Vichy France, although Churchill was wise to order the attacks to keep this naval force from falling into German hands. If they had—and German plans were being made to seize the ships and man them with German and Italian crews—the battle for the Mediterranean and the Atlantic would have swung in Germany's favor.

Against this background, and with the schism between France and Britain, France looked to Germany rather than to Britain.

The economic penetration of the neutral nations was handled differently by German corporations and banks. They continued to move in tandem, LG. Farben and Friedrich Krupp, A.G., to name only two major ones with worldwide interests, and manufactured and sold their products while participating banks handled the funding and the collection of money, according to terms of contracts between manufacturer and principal.

Hermann Brombacher, manager of the War Material Export Branch of Friedrich Krupp A.G. in these war years, stated that all contracts for export had to be passed on by two government agencies, A.G.K. (Ausfuhr Gemeinschaft Kriegsgerat) and O.I.W. (High Command of the armed forces). Brombacher said that foreign business was handled in the following manner:

"All companies competing for a foreign contract would notify A.G.K. of the facts of their bid. A.G.K. had the power to determine if a particular company's prices were right. One company could not offer a price lower than that of another German firm, on the same product. The contract would usually go to the company having the best name or the one preferred by the foreign government. The companies who were then unsuccessful in the bidding would often be licensed by the company securing the contract to fill part of the order. The company receiving the order would be called the leader of the syndicate or 'consortium,' and would often license the other companies to aid them."

Brombacher gave as one example a 1937 Krupp contract with Brazil for the delivery of certain types of war materials. "To secure this contract and to

introduce its products there, Krupp had several representatives in Brazil (namely, Bromberg & Co.). Rheinmetall-Borsig, Krupp's main competitor for the business, also had representatives in Brazil. When Krupp secured the contract, Rheinmetall was then ordered by A.G.K. not to compete with Krupp in Brazil. The expenses of Rheinmetall's representatives were ordered paid by A.G.K. out of the expense clause of the new contract."

As an insight into how Krupp operated its vast armaments business during World War II (in contrast to World War I, when it had to import precision instruments from Switzerland),

Brombacher stated, "In the Second World War we had our own German sources for the photoelectric and radar fire controls used for our guns. We were supplied by the German firms of Siemens &Halske A.G. and Siemens-Schuchert-Werke A.G. All optical devices were built by Carl Zeiss."

He added that Krupp had also shifted from being mass supplier of the German war machine to being primarily a development and invention agency for weapons that were then mass fabricated by other manufacturers.

While supplying weaponry to other countries on the O.K.W. approved list, Brombacher said they didn't let the war interfere with profits. He explained one gun contract Krupp had with Holland. Krupp had not finished building the border defense guns Holland wanted under terms of their contract, "so Krupp loaned Holland some big defense guns on a cash rental basis." When the German army rolled over Holland in May 1940, although it wasn't much of a roll-over because the borders were thinly patrolled and the way had been smoothed by the German Citizens' Association (the A-O), "the rented guns were repossessed by Krupp and later sold to the Italians."

The expansion of the German economy despite war produced a new Reichsmark diplomacy that made a profit for everyone involved: the corporations, the banks, their shareholders, the Reichsbank, the government of the Third Reich; and in countries where sales were made the business elite prospered, as did the middlemen who handled the goods and the tradesmen who sold to consumers. It was a golden circle of Reichsmark diplomacy, which had its effect on foreign policy and the conduct of the war.

Consider Turkey, and the reasons that it remained outside the Allied fold until the waning days of the war. The Big Three, Roosevelt, Churchill, and Stalin, all agreed it would be desirable to have Turkey in the war in 1943. But they didn't have Reichsmark power; they didn't have the guns and aircraft and diverse consumer products Turkey craved. In short supply themselves, they were carefully stockpiling any excess war equipment for 1944 and Operation Overlord. So they attempted rhetorical diplomacy.

Winston Churchill had Anthony Eden meet with a Turkish delegation on November 23, 1943, the time of the Churchill-

Roosevelt Cairo Conference, which took place on the eve of their meeting in Teheran with Josef Stalin. Foreign Secretary Eden had persuaded a Turkish delegation to come to Cairo. At the meeting he pointed out the urgent Allied need for Turkish airbases, and the advantages that would accrue to both sides if Turkey entered the war on the side of the Allies. The Turkish delegation sat through this discourse unmoved. They said that granting of airbases to the Allies would be an act of intervention, and that nothing could prevent German air strikes on Constantinople, Ankara, and Smyrna.

Later, Eden privately remarked to Churchill, "Considering what has been happening to us under their eyes in the Aegean, the Turks can hardly be blamed for their caution."

What Eden did not know is that the Turkish delegation had better reasons for being negative to his proposals. They were locked up in Reichsmark diplomacy, and members of the delegation did not want this golden thread broken.

Germany was having a field day in Turkey. German assets totaled about $30 million and the Turkish-German clearing account was $15.7 million, yet neither figure tells the true story of German assets in Turkey at that time. Two German bank branches, the Deutsche Bank in Istanbul and the Deutsche Orient Bank (a Dresdner bank), were depositories for a steady flow of bonds, cash, gold, bank deposits, and foreign exchange belonging to German firms and individuals. Six German insurance companies with branches in Turkey followed a standard policy of

linking Turkish insurance companies into their own operation with grants of German investment capital, which automatically forced these firms to bow to German policy. But it also generated large fluid assets, which were invested in local real estate and other properties and business ventures. More than sixty German-controlled firms in Turkey were engaged in building and public works contracting; building materials and tobacco merchandising; importing and exporting; chemicals and pharmaceuticals; shipping, forwarding, and transportation; machinery and electrical equipment; and as commission agents. I.G. Farben, Krupp, and Bayer were each represented.

Then there was a 100-million Reichsmark order for German war materials to Turkey. While the Eden conference was taking place in Cairo, Turkish and German businessmen and government leaders were discussing this contract by a consortium of German firms. By terms of this sale, bonds of the Turkish Treasury to the amount of RM 100 million were deposited with the Deutsche Bank, to be redeemed in half-yearly installments from 1944 to 1949 in return for Deutsche Bank credits.

Deutsche Bank was handling all the financial aspects of the Turkish order. This bank computed the sums each German firm was to receive in cash, and then formed a syndicate of several banks for the funding, with the German firms receiving their money immediately. To the German O.K.W., an important element of this transaction was the resumption of chromium ore shipments from Turkey to Germany. The Turks received their war materiel from Germany with promptness, but were able to pay only two installments on their war bonds, those due May 15 and November 15, 1945. In August 1944 Turkey had reluctantly cut its diplomatic and economic relations with Germany. On February 23, 1945, four months before the German surrender at Rheims, France (on May 7) , Turkey declared war on the Axis.

In another neutral nation, Spain, Reichsmark diplomacy worked equally well. Although Franco sympathized with Hitler and his war against communist Russia, even to the extent of sending a volunteer division to the Eastern Front, he became more neutral as the war went on. In 1943 he had been told during a personal meeting with his old friend, Admiral Canaris, that Spain should stay out of the war; that Hitler could not

win. From this moment on he became more even-handed in his treatment of German and British diplomatic representatives who were quietly fighting for his attention and for the other perks that go with a most-favored-nation relationship.

On the industrial front, however, Germany was winning hands down. Almost all sections of the Spanish chemical and pharmaceutical industry came under the control of I.G. Farbenindustrie. It controlled many Spanish firms directly or through Unicolor S.A. I.G. Farben owned 51 percent of the stock in Sociedad Electro-Quimica de Flix, whose manufacturing processes were under license from I.G. Quimica Commercial y Farmaceutica S.A. was a subsidiary of I.G. Farben and distributed the Bayer line of medical products in Spain. Farben Unicolor S.A. represented 16 German firms having interlocking directorates with several large Spanish chemical companies.

There were Lipperheide and Guzman S.A. (later to be renamed Industrias Reunida Minero Metalurgicas S.A.), whose holdings included smelters and transportation facilities. There were also in Spain two prominent German-owned banks.

The Spanish Civil War had given Germany a strong foothold in Spain. Hitler had sent technical aid, a Condor division, and dive bombers to Franco. The war also enabled his new generation of army strategists to test new field and air tactics and weapons. In return, General Franco later sent his Blue Division to Russia, but by German accounts this did not square the Spanish debt.

In November 1943, an agreement was reached in which Spain acknowledged a $1 billion debt to Germany. Several payments were made, in free credits. One payment was of $60 million to be used by the Germans to buy Spanish property, finance goods, and sustain the German diplomatic staff in Spain. In July 1944 the balance due had been brought down to $40 million by Spain. By April 1945 Spain’s debt was only $22 million, and it was being negotiated by German interests.

German economic penetration of Portugal was limited. In 1944 prewar investments in mining gave way to the purchase of properties in the cities of

Portugal. I.G. Farben did not manufacture in Portugal, merely marketing pharmaceutical specialties through their Bayer Ltda., in Lisbon and Oporto. The most important German manufacturer in Portugal was the electrical firm of Siemens Companhia de Electricidad S.A.R.L., a division of the Siemens group of Germany. No German banks were established in Portugal.

In their efforts to harness the economies of Europe, administrators of the Four-Year Plan encountered resistance "to the proposed takeover of certain companies, such as the German branch of the Ford Motor Company. The management of "Ford-Werke A.G." wanted to hold this company together as a profit-making entity ("The war won't last forever and we have a good thing in Ford"). They believed that once government bureaucracy laid its hand on their corporation it would never be the same. Therefore, Dr. H.T. Albert, chairman of the board, sent a memorandum to the Four-Year Plan administrators from R.H. Schmidt, president of the board of Ford-Werke A.G. They mustered the arguments on whether a complete Germanization of Ford would be necessary or advisable. In part, Schmidt wrote:

All vehicles and parts are being produced in Germany by German workers using German materials; export into the European and overseas sales territory of the United States and Great Britain has amounted to many millions in the last year of peace.

Foreign raw materials were obtained through the American company (rubber, nonferrous metals) to cover production needs of the German plant and in part for the whole industry.

As soon as the American stock majority in Ford-Werke A.G. is eliminated each Ford company in every country will fight for its individual existence. Amsterdam, Antwerp, Paris, Budapest, Bucharest, Copenhagen, etc. are concerned (about a collapse of the general Ford organization in Europe).

A majority, even if it is only a small one, of the Americans is essential for the actually free-transmittal of the newest American models as well as for the insight into the American production and sales methods. Since Americans are without a doubt particularly progressive in this

field, the maintenance of this connection is in the German interest. Through license fees or contractual stipulations this advantage, as well as the importance of the company for the obtaining of raw materials and exports, would be lost. The plant would practically only be worth its own machine capacity.

The memorandum was dated November 25, 1941, and the United States went to war two weeks later. While Mr. Schmidt's and Dr. Albert's argument became moot, the German government did not break up the Ford operation of Europe. They admired its efficiency, placing the various motor companies in different countries into their armament production scheme.

At the apex of this vast financial and economic administrative structure was positioned Reichsleiter Martin Bormann. He had retained his grip on the pulse of German finance ever since the day he took charge of the finances of the Fuehrer, and the vast funds of the Reich chancellery. His friendship and association with Dr. Herman Josef Abs predated Abs's move into the management of Deutsche Bank. Dr. Abs had been a partner in the prestigious private bank of Delbruck Schickler & Co. in Berlin. Recalling those days, Abs has written:

The Reich Chancellery in Berlin was its largest account, and it was through this account that Adolf Hitler received his salary as Chancellor of the Reich.

Martin Bormann, whose control of the Reich chancellery was absolute the moment he succeeded Rudolf Hess, maintained a cordial relationship with the Berlin banker. Dr. Abs moved to the Deutsche Bank on December 30, 1937, where he became first a member of the board of management, later the chairman of the most powerful bank in Germany, which was to tug the German financial apparatus ever forward into new areas of financial expansion and power throughout the world.

Reichsleiter Bormann knew that his relationship with Abs would tighten as his own power grew. Remaining on friendly terms with the Third Reich's leading banker was a contentment. He knew in 1943 that with his Nazi banking committee well established, he had the means to ultimately take the reins of finance unto himself. Through this committee and through

the power that flowed from Hitler to himself, he could set a new Nazi state policy, when the time was ripe for the general transfer of capital, gold, stocks, and bearer bonds to safety in neutral nations.

Bormann, like Hitler, had no illusions that victory would be theirs on the field of battle. Hitler had settled in his own mind that a sort of victory might accrue to Germany only with a compromise peace with the adversaries. To Martin Bormann, he had commented at Obersalzberg in 1943, “No one will make peace with us now.” Yet he went on nurturing the hope of establishing a holding line near Kursk in the Ukraine, then fighting the British and the Americans to a standstill in the West.

In the summer of 1943 Hitler requested Bormann to call a meeting of his SS security chiefs. Present were Hitler, Bormann, Himmler, Heinrich Mueller of the Gestapo, and Schellenberg, head of SS foreign intelligence. Foreign Minister Ribbentrop also sat in on the conference because his ministry was to supply essential data in the game plan now being devised. It was a new, cagy diplomacy, in which negotiations were to be opened with the West, while simultaneously establishing contact with Moscow.

It was decided at the conference that Himmler should make the approach to the West, while Mueller would begin a “Funk-spiel,” a radio game using captured communist wireless operators to send messages to the intelligence gathering center in Moscow. This center, so-called, controlled all Soviet agent activities outside Russia. It was the net that pulled in all communications, which were then distributed to the various intelligence chiefs in Moscow, according to priority and need. Anything dealing with shifting strategy in Berlin, London, and Washington went directly to Stalin. Mueller was very good at forcing captured “enemy” wireless operators to work for the Germans, using their transmitters, codes, and personnel to cause London or Moscow to believe it was their own agent on the air still transmitting valid information.

At the time of this 1943 conference with the Fuehrer, the Abwehr had control of Leopold Trepper, a Polish Jew who had run a brilliant network for the communists. It had earned the nickname “Red Orchestra,” because its wireless operators in Berlin, Amsterdam, Brussels, and Paris appeared to transmit like an orchestra as they followed one after the other each

night with their messages to the center in Moscow. It took the Abwehr and the Gestapo two years to demolish the Red Orchestra. Then they learned that all participants were militant Jews dedicated alike to communism and the concomitant defeat of Nazism; thus, to the Nazis it was yet another threat to contend with. By the end of 1943 the Gestapo had entrapped more than 130 communist agents, most of them workers for the Red Orchestra.

The Abwehr arrested Leopold Trepper, the leader, in Paris. Shortly thereafter he was placed under the control of the Gestapo, and rather than die he agreed to cooperate by transmitting coded messages to the center in Moscow, material that had been prepared by the Bormann-Mueller team in Berlin. This latter was about to launch "Operation Bear," under Hitler's direction, a campaign of sly and false information they believed just might split the Allies and lead into a separate peace with Russia.

Trepper was transported from prison to a large and comfortable house in Neuilly, at the corner of the Boulevard Victor Hugo and the rue de Rouvray. Well guarded, from this location Trepper sent messages to Moscow; the Red Orchestra had become the Brown Orchestra. But Trepper's hope was that some way along the line he could inform Moscow that he had been captured, that his network had been rolled up, and that he was transmitting under duress. Such an opportunity did come after some months when he smuggled out a coded account of his situation, which reached the Soviet Embassy in London and was passed along to Moscow. Until that time, however, the center was receiving streams of misinformation, from six transmitters, in five countries, all run by Mueller's Gestapo, in addition to the Trepper one in Paris. One of the more accomplished Red Orchestra members, who had succumbed to working for Mueller under dire threats to his person, was Johann Wenzel, an expert the center had shifted from Holland to Brussels to coordinate air traffic of the Belgian network. Wenzel stayed on the air for six months, only to be betrayed under duress by Sophie Paznanska, a cipher expert promoted to station chief in Brussels who had been seized by the Germans. Wenzel, who knew the new codes in use by the center, returned to the air waves, now for the Germans, unsuspected by the staff of the center. In January 1943 Wenzel, while transmitting, leaped up suddenly, knocked his guard unconscious, and fled. Reaching the Netherlands, and using a transmitter

the Gestapo had not found, he sent a full disclosure of Mueller's radio game. It was evidently neither grasped nor comprehended in Moscow, for in his memoirs of 1977 Leopold Trepper stated: "Judging by his answers the Director suspected nothing.',

By this time, Heinrich Mueller had dispatched an assistant to Paris to handle Trepper and, in general, the transmission of information to the Russian leadership. Heinz Pannwitz was the individual, a Hauptsturmfuehrer SS, who had served as aide to Heydrich in Prague when the German SS leader was gunned down by Czech agents from London. In angry retaliation for this, Pannwitz had ordered the execution of thousands of Czechs and the burning of Lidice, becoming known to history as the "butcher of Prague." In Paris he was determined to make a name for himself, and he did so in a predictable, unsavory way. But during a full-scale propaganda offensive by means of the Paris Red Orchestra unit, Leopold Trepper had escaped and remained underground until the liberation of the French capital in August 1944. He was to return to Moscow the following year, but his misfortunes there are another story— he was incarcerated ten years in Lubyanka prison waiting for his loyalty to the Soviet Union to be investigated. Following the death of Stalin, he was cleared and returned with his family to Warsaw. Captain Heinz Pannwitz had made his way to Moscow believing he could get better treatment from the Russians than from the English. He was also imprisoned for ten years, then released. In 1977 he was managing director of a bank in Ludwigsburg, in West Germany.

Back in 1943 at the start of Operation Bear, with a peace approach to both sides agreed upon at the above-mentioned conference, Himmler and Mueller locked horns. Himmler was SS chief and minister of the interior; Mueller was SS Oberstgruppenfuehrer and Generaloberst der Waffen SS— that is, SS chief group leader and highest general of the SS force.
They disliked each other intensely. Himmler had been in chicken farming before the war; Mueller had been inspector of detectives on the Munich police force and had been taken into the Gestapo by Heydrich, who needed a core of professionals to make the German Secret State Police more efficient. Their open hostility to each other made Hitler angry too, and he had ordered Bormann to be not only an arbitrator between Himmler and

Mueller but to be personally in charge of the wireless game deceiving Moscow. This was fine with Mueller, who had cultivated Bormann ever since the day the Reichsleiter had succeeded Rudolf Hess. He perceived that this was a leader who knew what he was doing, and who would go far.

Things developed, two against one. Bormann didn't like Himmler either, and together they ultimately cut Himmler down to size. Bormann and Mueller began transmitting high-level information to the center in Moscow through their "turned" wireless operators. Mixed in with the valid data was information on Churchill and Roosevelt picked up from their transatlantic conversations, purportedly stolen by communist agents from German government files. Out of context, as they were, some of the remarks could be, and were, misinterpreted by Stalin.

Himmler made his peace approaches to the West through emissaries he sent to Stockholm and Berne, confirmed by Soviet agents in these cities. Himmler's men carried documents, falsely drawn to show Stalin's eagerness for a separate peace pact with Hitler. Himmler had a long talk with one German resistance leader about the desirability of peace with the West, and discussed how this could be accomplished. He knew the news would travel swiftly to London because, if nothing else, German resistance leaders were a talkative, hopeful lot. But the fellow sent to Berne almost brought about Himmler's undoing. He carried a suitcase filled with undeniably authentic documents provided by Ribbentrop's Foreign Ministry. The man, Herr Langbehn, went first to the British Legation in Berne and asked to see the British military attache. He explained he was an official of the German Foreign Ministry and had brought with him from Berlin a suitcase of Foreign Ministry documents. On hearing this claim, the attache presumed it false, and told him he was not interested. The German then tried to see the head of the chancellery in the British Embassy, but was rebuffed there. So he went to the American Legation and repeated his story. A Legation secretary, deciding this was cloak-and-dagger material, sent him on to Allen Dulles, head of the OSS in Switzerland. He heard out the German's story, viewed the documents, realized they were genuine, and reported them to Washington immediately. "If only," his message went, "you could see these documents in all their pristine freshness."

The documents were duly copied and sent to Washington with Dulles's opinion appended that all evidence pointed to their being a genuine approach by the Germans for a peace with the United States and Britain. Copies were also sent to the OSS in London, which made them available to British intelligence. At this point Kim Philby, the British traitor who later fled to Russia after serving it for thirty years, took charge of the documents and of the Dulles memorandum, and reported their contents and the German peace feeler to his control in Moscow.

Moscow received an additional confirming report from their man in William Donovan's OSS headquarters. This communist agent was a chief of the desk staff in the Washington office, and his position gave him access to all incoming reports of OSS station chiefs around the world, including those of Colonel David Bruce in London, chief of the OSS in Europe. It also explained why many of Allen Dulles's most secret memoranda were blocked on receipt in Washington, never to reach the commander in chief, the president. After the war, I visited Donovan in his Wall Street law office; he confirmed the story and remarked sadly, "It was all too true."

Himmler, however, made a couple of mistakes. One was his rendezvous with a German resistance leader, which was observed by two of Mueller's men. Another was sending an emissary to Switzerland, whose information was too good and too secret—and the man had opened up too much with Allen Dulles. Later, a message from a British agent in Switzerland to London carried by a man who had talked to Dulles, was intercepted by Mueller, who showed it to Bormann, who in turn passed it on to Hitler, who hit the ceiling over such detailed revelations. Himmler survived this only by arresting his own emissary to Berne, and cutting off all further overtures to the West. Everything was now in Bormann's hands, and he preferred dealing with Stalin at this point in history. He thought that with German armies pressing hard a better peace accommodation could be made with Russia than with Britain or the United States.

Peace was not to come to Europe through these initiatives in the summer and fall of 1945. Many strategies of deception of both Churchill and Hitler failed, but the suspicions fostered by Martin Bormann lingered. At the Teheran Conference, Stalin was plainly distrustful of the British prime

minister. Two years had passed since Rudolf Hess's adventure to Scotland to arrange a cessation of hostilities between Britain and Germany, and this episode rankled the Russian leader, whose suspicion and anger were reinforced now by this other information from the center in Moscow. He questioned and needled Churchill repeatedly about the purpose of Hess's flight. Finally, Churchill replied heatedly that he was not accustomed to having his word challenged. "When I make a statement I expect it to be accepted as fact," he retorted to Stalin. The Soviet deflected this with a sly response: "But even *my* intelligence services don't tell me everything."

At Teheran, President Roosevelt tried for Stalin's approval of his statement made at the Casablanca Conference with Churchill, in which he called for the unconditional surrender of the German nation. At the time, this took Churchill by surprise, as it did the president's generals. The president told his aide, Harry Hopkins, "Of course, it's just the thing for the Russians. They couldn't want anything better. Unconditional surrender. Uncle Joe might have made it up himself." These remarks, seemingly offhand, had been decided upon earlier in Washington, following a meeting with one of the president's closest advisors, Supreme Court Justice Felix Frankfurter, of whom it was written by Jay Pierrepont Moffet of the State Department, "The power behind the throne was Felix Frankfurter." He wanted the German nation punished absolutely and totally, and told the president he should insist on "unconditional surrender." Henry Morgenthau, another advisor, had urged the president to "turn Germany in a howling wilderness." President Roosevelt accepted Frankfurter's proposal, but rejected that of Morgenthau.

But at Teheran, Stalin disapproved of Roosevelt's unconditional surrender position. He was not impressed with such superfluity; it would only prolong the war, and Russia had suffered in actuality more than the other nations. He commented, "This war is being fought with British brains, American brawn, and Russian blood."

After the Teheran Conference, early in 1944, Hitler terminated his wireless game with the Moscow center, and Operation Bear was shut down. An official in the Foreign Ministry in Berlin, who had been involved in the operation, said: "Either Hitler did not want to turn the radio game into a

diplomatic reality, or he was not capable of doing so. And there was no Talleyrand in Berlin to take the matter in hand," he added sadly.

However, Hitler considered substantial the gains from Operation Bear. He had, thanks to it, planted divisive distrust among the Big Three. Because of it, too, he hoped they would go ahead with an invasion of Normandy, which Hitler was confident would be disastrous for the Allies in general and the political ruin of President Roosevelt and Prime Minister Churchill. Then he would make peace with Stalin, whose nation had been bled white; with 20 million dead, and a failed invasion of France by the United States and Britain, the upshot would be a peace conference between Hitler and Stalin.

Later, in Washington, President Roosevelt recalled that the sole agreement at Teheran was that each principal would move forward as quickly as possible. FDR had informed Stalin that he could not at the time make long-range agreements for his country because he faced an election. "Overlord," the code name for the invasion of Normandy, was to be made operational in May or June of 1944, and the Big Three prepared to return to their respective capitals. Sir Alec Cadogan, Britain's Permanent Under Secretary for Foreign Affairs, noted in his diary: "The Great Men don't know what they are talking about . . ." Still, they all knew June of 1944 would determine the future of the war, not to mention the future of each leader. FDR yearned for Overlord. Failure to launch a Second Front could mean defeat for him in the November national elections, at least Hitler thus wryly observed to Martin Bormann. Ninety percent of America's war effort was going to Europe, but there was widespread and influential sentiment for a shift in emphasis toward winning the struggle in the Pacific. After all, the Japanese had actually and without provocation attacked the United States at Pearl Harbor, said these advocates, and this made it more America's war, rather than the situation in Europe.

Roosevelt was fighting a rearguard action against this movement. A Second Front was vital to his plans of first defeating Germany before taking on Japan with full-scale intensity. He was also increasingly handicapped by a whispered belief that he had failed to alert the personnel at Pearl Harbor in time to prevent the catastrophe. After all, U.S. Army Signal Corps cipher experts had broken the Japanese diplomatic and military codes; the

imminence of the attack was known in the White House a full two weeks before it happened. Roosevelt's detractors accused him of deliberately sidetracking this information until it was too late for the defense command in Hawaii to take protective action. If indeed true, and all evidence now available indicates it is, it was the same High Command philosophy that propelled Prime Minister Churchill into approving the British raid on Dieppe, in August 1942, a disaster that served to show the American General Staff that it was not quite time for an invasion of France. At the time, Churchill explained, "My general impression is that the results fully justified the heavy cost." (Of the Canadian 2nd division which took part in the Dieppe raid, 18 percent of five thousand men lost their lives and nearly two thousand more men were taken prisoner.) Sir Alan Brooke, chief of the Imperial General Staff, added: "It is a lesson to the people who are clamouring for the invasion of France."

So it was that in June 1944, as an outcome of the Teheran Conference, there was set up one of the awesome military gambles of history. On its outcome rested, among other things, the personal future of the leaders who had guided the war but who now regarded each other's motives with intractable suspicion. Operation Bear had worked.

The people in the occupied nations had meanwhile settled into the mold imposed on them by the German army and the economic experts of the Third Reich. Their banks and industries and agriculture had been brought into Bormann's Four-Year Plan, for greater efficiency and prosperity. All nations on the Continent, whether occupied or neutral, now looked to Germany for economic leadership, as they were to resume doing in the years following World War II, when the Common Market was formed by consenting nations acknowledging that unity of purpose is the key to coprosperity and that somehow the Germans had the answer originally in 1942 when they were melding the economic institutions of the Continent into their own design.

Bormann and Hitler at Hitler's mountaintop country house near Berchtesgaden.

Eva Braun when she was secretary to Heinrich Hoffman, Hitler's personal photographer.

A party celebrating Hitler's birthday on April 20, 1938, at Berchtesgaden. In the front row to the right of Hitler and Eva Braun are Herr and Frau Martin Bormann. Third from the left in the second row of the picture is Albert Speer, later to become Minister for Armaments and War Production. (Rudolf Hess, nominally Bormann's chief at the time the picture was taken, is not even in the group, an indication of his declining fortunes even in 1938.)

Four photographs of the firebombing of London taken by the author

the night Rudolf Hess parachuted into Scotland, May 10, 1941.

Nazi Reich State Security Bureau (Gestapo) SS General Heinrich Mueller, wearing SS uniform and decorated with the highest civil medal for war service.

Purported grave of General Heinrich Mueller in Berlin. The headstone reads “Our Dear Daddy,” Mueller's name, and his dates from birth to alleged death in 1945. When exhumed by court order in 1963, the grave held three skeletons, none with Mueller's short stature and high forehead.

Fritz Thyssen, the Ruhr industrialist and early financial supporter of Hitler. The picture was taken in Germany by Thyssen's young grandson, Federico, prior to the flight of the Thyssens to Switzerland in 1939. The grandson is now Count Federico Zichy-Thyssen of Buenos Aires, who controls the Thyssen Steel Group of Dusseldorf from the Argentinian capital.

4

NINETEEN FORTY-THREE ALSO MARKED an emotional plateau for the people of London. The war was going better in the Mediterranean, and the reassuring buildup of forces in England could be seen on every side. But after three years of putting out, a lassitude set in. Food and liquor were in short supply. In neither Britain nor Germany was there a black market of any consequence; the inborn rectitude of both peoples made for compliance with rationing regulations—that is, until the war ended, when, in Germany for a time, the black market was for survival. But in France, Belgium, Luxembourg, Holland, even in Warsaw, the black market flourished under the direction of the cynical and self-serving, catering to those to whom luxury in general and good food in particular became the touchstone to bearing the whole thing. This spirit was reflected by Paul Reynaud, premier of the French government that presided at the fall of France to the Nazis. He had fled in 1940 to Bordeaux with his cabinet, which was in fact dominated by his mistress, Helen de Portes. Winston Churchill asked Reynaud to proceed to Algiers to set up a new resistance government; he refused to do it. During this period, Reynaud’s physician asked the premier for help in getting passage to England. Reynaud brushed him off with: “Why bother? In two weeks England will have given up. Stay and have lunch—Helen’s marvelous—despite everything she’s managed to persuade the chef to make a chocolate souffle for you.”

In England there were inequities. Some of the rich, but not in general the old families, the aristocracy, had skipped out of London and were living in fine style at Torquay, on the southeast coast, where elegant hotels overlooked the very beautiful yacht basin. Along the upper Thames, it was not uncommon to see women in satin and chiffon and men in black tie

stepping from limousines into hotels for a weekend of luxurious living, with money no object.

From Brussels and Paris, those who could still afford it went for summer vacations to the mountains or seashore. If you knew the angles and had the wherewithal, food always was available in wartime Europe. At the infamous market Sennaya in Leningrad, fresh chopped human flesh was sold in the terrible winter months of the siege during 1941-42. The Germans, due to the efficiency of their own rationing system, had sufficient and well-distributed supplies until the end of the war, at which point everything broke down, understandably. This factor, more than the importation of food from occupied countries, accounted for the higher nutritional level of the Germans. In Paris the Germans let five deluxe restaurants continue serving meat throughout the occupation.

John Lukacs, in *The Last European War,* writes a melancholy description of the Warsaw ghetto and the luxuries obtainable there, if one had the price. “Restaurants, cafes, nightclubs (and, what is less surprising, brothels) existed, taking in fantastic sums.”

How can this be explained, interpreted, rationalized? Such behavior took place wherever wealthy refugees, of any nationality or race, congregated-in Cannes or Lisbon, for example. It was this writer’s observation that such folk lived simply for the moment, and that in Warsaw especially life held little future.

The curfew kept the general population in their dwellings at night. Birthrates went up. Under the strictures of limited gasoline, thus much walking and limited food, the average European lost fifteen to twenty pounds. Parisians became accustomed to bicycles and pedicabs; a pleasant benefit was that air pollution was so reduced that the trees along the Champs-Llysees greened once again. The typical Londoner had a face pale and drawn, not only from the limited nutrition of rationed food but even more from the long, unending fact of coping, coping, coping. At the Savoy Hotel food went on being served with the usual elegance and flair, but the impeccably polished silver salvers bore roast pigeon rather than grouse from Scotland as in the past. Still, each night the Carroll Gibbons orchestra played, and the bar was crowded with Fleet Street journalists and

American war correspondents; among the habitues, along with myself, were such notables as Scotty Reston, Drew Middleton, Ernie Pyle, and Ray Daniels. Walter Cronkite was reporting for United Press at that time. All of us moved between Fleet Street offices where we wrote our stories, the Ministry of Information where we received copy clearance, and the American bar of the Savoy where we exchanged gossip. I had joined CBS News in London, having served as European bureau chief for an American news service in the British capital, but was then hired by Edward R. Murrow to help cover the war in Europe. Piccadilly Circus and Leicester Square were close by, and they were the route of many service men and women on leave, making their way through the dimly lit, usually foggy, streets to their destination of the evening.

Survival this long was a hard run for the British. There had been Coventry, Edinburgh (where fires destroying a distillery one night gave the firemen a memorable binge on Scotch whiskey), Glasgow, the Midlands, Liverpool, Bristol, Plymouth, and the largest and most vulnerable target of them all, London. By I their resolute determination not to cave in, Londoners were an example of glowing courage to cities elsewhere in Britain, whose inhabitants, by extension, felt akin in worth to Londoners, so they too held out under extreme battering from the air. By 1943 the atmosphere of urgency had backed away. Some reminders were seen in small towns and villages where RAF fighter pilots of the Battle of Britain, and later ex-bomber crews of the air counterattack over Germany, underwent plastic surgery. One could readily spot these young men; they were shaken and withdrawn as they hobbled through old streets or sat in the sun on village greens, their characteristic skin grafts as much a badge of merit and bravery as their uniforms and Distinguished Flying Crosses.

Writing of these scenes of long ago reminds me of one CBS

Radio broadcast that Ed Murrow, Alexander Woollcott, and I did one evening from around Britain. I, in Scotland, described the fright of the bombing of Glasgow and the contrasting tranquility of nearby Loch Lomond, where I talked with a gentleman who had lost his home entirely to the bombing that very day, and had thereupon gone fishing in the beautiful Loch. Philosophical about the ruinous blitz, he declared to me: “Ma family

and ma fishing tackle were all safe in the wee Anderson shelter." In Plymouth, Alexander Woollcott spoke to wives of the seamen who traditionally make up the crews of destroyers and escorts and battleships of the British navy. He began his broadcast with this: "The loss of a destroyer in the Atlantic is only a stick of type in your newspaper tonight. But here in Plymouth it means a street of widows." In London, Ed Murrow described the condition of the city and the strain of three years of war on a courageous people, and postulated what the immediate future held for him: "Unfortunately, more of the same, for war is a process of waiting until it is time to cross the Channel into battle." Lor the British, that eventuality had not arrived, except for the waters of the North Atlantic and the skies over Germany.

Among the German people, there was lassitude. However, Hamburg had been nearly destroyed in the initial massive British raid of the war, in this year of 1943. Lour hundred aircraft had dumped high explosives on the city, but the most awful devastation took place when oil and gasoline storage tanks went up in flames. Panned by strong winds, it became truly a holocaust. Thousands of human beings attempted to flee to the river, but there, too, fire was engulfing the very water from the spillover from the oil barges, which, of course, were aflame too. Those who managed to hurl themselves into the water perished anyway. It has been estimated that the heat reached 1,000 degrees Lahrenheit that night. In other areas of Germany, even in cities not especially hard hit, war strain was on all faces, just as in London. Stalingrad fell on Lebruary 1, and with it 350,000 German soldiers either died, were grievously wounded, or were taken prisoners of war by Stalin's soldiers, many never to be seen or heard from again. Through necessity, Germany was now moving into full mobilization. Adolf Hitler himself was affected by the continuous tension. On his doctor's advice, he left his field headquarters at Rastenburg on the Eastern Front, on March 20, 1943, and returned to his Bavarian chalet at Obersalzberg for three months' vacation, leaving his military to hold the Russians at bay until spring. It was from there, Obersalzberg, that Reichsleiter Martin Bormann dispatched the workings of government. In May, the Fuehrer returned to Rastenburg to direct the battles of spring and summer.

Back at Number 10 Downing Street, Winston Churchill also had to have his respite. It was spent at Chequers, the traditional country house of the British prime minister, given to the Crown back in 1912 by a very rich merchant, and along with it a trust fund for its maintenance. Not so with Downing Street itself, the upkeep of which was paid for from Churchill's £10,000 annual salary as prime minister, which placed him in a high tax bracket that left him very little to live on. In fact, it was not until there was later published Churchill's monumental six-volume series on World War II ("to get my story on the record first," he said), that he acquired the means to live out his life in serenity. Ford Beaverbrook, the late newspaper tycoon, handled worldwide sales of the books, which amounted to millions, but, alas, that too fell in the high brackets. But Beaverbrook had the wisdom to establish the Churchill Foundation, which helped out with taxes. Churchill told me once that in the 1930s, when he was politically in the wilderness, it had been touch and go financially. He depended on his income as a professional writer; he did a weekly series on general European affairs, with this byline: "By the Rt. Hon. Winston S. Churchill." "It was a hand-to-mouth existence, and not pleasurable," he remarked. But in his own modest country house in Westerham, Kent, where he himself laid the bricks around the boundaries of his land, the Sunday dinner table was always graced with a roast of beef. His dear wife Clementine said of those days, "It was his pride and wish to have a nice table at least once a week for the family."

Pride of the same sort motivated Charles de Gaulle, in the years after his retirement from leadership of France, to go on setting a bountiful table, despite the cost. He had refused a grant of money from the French government, and lived on his soldier's pension in his unassuming country home. The day came when Mme. de Gaulle had to sell a valuable table centerpiece to pay for the dinner that her husband insisted on the following Sunday. Considering the reality of his financial situation, he applied for a loan from the Rothschild bank in Paris. The bank manager then was Georges Pompidou, and he gladly granted the loan to de Gaulle. Only in Germany was the national leader spared personal financial worries; there Adolf Hitler had in Martin Bormann a man who could anticipate and take charge of all fiscal affairs for both the party and the Fuehrer.

Churchill's schedule seldom varied in this wartime year of 1943. The vulnerability of Number 10 Downing Street to enemy bomb hits prevented him from sleeping there. He went there in the early morning, and in a ground-floor bedroom got into a pair of pajamas and climbed into a large, old-fashioned mahogany bed facing a window from which he viewed a grassy area back of the house. Then he read. First were the official overnight papers, then general mail, reports from the Mediterranean, the Balkans, the Atlantic. At 8:30 he would ring for his breakfast. Then one of his six secretaries would enter to take dictation on a noiseless portable typewriter. In this manner all his books were written, both before and after the war. Around 10:00 A.M., the secretary elsewhere processing the work, Churchill would bathe, dress, and proceed to the large, log-heated conference room in the adjoining wing, for a cabinet meeting. He would listen as each minister in turn reported and answered the many questions Churchill posed. A round-table discussion would follow, and the conference would be over. Lunch would likely be in the company of key men of the Admiralty and the War Office, who had merely to cross the street to enter Number 10. An hour nap after lunch, the prime minister would then walk to 2 Great George Street near Storey's Gate, passing a sandbagged guardpost at the entrance, and descending to beneath the pavements of Westminster to his command post. While there was a certain quietude on the London streets in 1943, there was nothing of the sort in the command post. The Battle of the Atlantic was in its most critical phase, and at this location the British naval officers would discuss with Churchill the moves that would counter those being made by Grand Admiral Doenitz at his U-boat Command Headquarters in Berlin.

Admiral Doenitz began 1943 with the greatest number of submarines he had ever had at his disposal, 400; it was a formidable increase over the 57 he had started with in 1939. January was a month of severe storms in the Atlantic. This weather factor worked against the submarines, but still they managed to account for 37 ships totaling 203,000 tons. In February they increased British sinking to 63 ships, 360,000 tons. In March the number of sinkings rose even higher, and the prime minister was gravely worried. How, he queried, could U-boats with a below-surface speed slower than that of any convoy manage to intercept so many convoys? For a submerged U-boat to attack a merchant ship it needed a good sighting position,

preferably on the bow, and a fast convoy zigzagging didn't provide that much of a target. "Yet the Germans are getting through and doing severe damage to our supply ships from America . . . the answer is either luck or good intelligence," Churchill remarked. It turned out to be good intelligence. Doenitz had his submarines attacking as wolf packs, no longer singly, and Allied merchant convoys were harried from all sides. The German admiral went on record: "The German B-service, our cryptographic section, time and again succeeded in breaking enemy ciphers. As a result, U-boat Command received not only the British signals and routing instructions sent to convoys, but also in January and February, 1943, the British U-boat Situation Report, which was transmitted to Commanders of convoys at sea and which gave the known and presumed distribution of U-boats in different areas."

With this information the submarines could change their positions quickly and then regroup to meet a convoy head on. The British and American naval commands, unbeknownst to Doenitz, could also intercept these German cipher signals with their highly secret "Ultra" code breaker system.

The edge held by the German side was demonstrated in March 1943, when two great convoys left Halifax for England. Their identities were HX229 and SC 122. The B-Dienst cryptographer unit in Berlin intercepted the sailing message, giving time of departure of HX229, a convoy of 40 ships, on March 8. It was to anchor in the Mersey, near Liverpool. Doenitz ordered a wolf pack to intercept it. Then he learned that another convoy, SC 122, of 60 ships, would be departing, and another wolf pack was dispatched from its patrol area to an interception point off the English coast. British naval intelligence in Whitehall picked up these instructions on their Ultra devices, and ordered both convoys to change course. But as both neared the western approaches to England the vessels had to close ranks. When they came into view of the U-boats at night, they presented a broad front totaling 106 ships and strung out for miles. Destroyers and escort vessels tried frantically to cover the vast area from attack. The U-boats approached silently underwater, then surfaced amid the convoys. The Germans had 40 U-boats in their force, and started their attack on March 16. It was a running battle for days, and when it was over one in five of the

convoy ships, carrying every imaginable item of war from tanks to Spam, was sunk.

“It was as close as we came to total defeat in the Battle of the Atlantic,” one British naval intelligence officer was to observe. However, April was to be even worse, with more submarines streaming into the North Atlantic and claiming 56 ships of 330,000 tons before the month was over.

Prodded by Churchill and by U.S. naval authorities, British naval intelligence, which knew now that the enemy was reading their naval codes, changed to a fresh and more complicated cipher, and started to use newly invented decoding machines provided by the U.S. Navy. These changes defied all efforts of the B-Dienst, and for the first time Admiral Doenitz had to operate without the information he needed to direct his wolf packs. British and American naval escorts grew larger in number. Surveillance aircraft, now flying in increased numbers over the western approaches to England, were also equipped with improved radar for detecting submarines. Combined, these benefits contributed to the sinking of 41 U-boats in May, and Allied shipping losses were fewer by 200,000 tons. On May 24, 1943, Admiral Doenitz instructed his U-boats to withdraw for a time from the struggle. “I ordered them to proceed, using the utmost caution, to the area southwest of the Azores,” he later recalled. His monthly rate of losses had become untenable; in June, July, and August, 72 of his submarines were sunk. He attempted an investigation into his cipher system but reached the wrong conclusion; headstrong, he was determined it was all the fault of traitors. Instead, it was rather the Allied capacity to tap his codes, along with the influx of new naval and air equipment, that had turned the Battle of the Atlantic against Germany. Doenitz knew the only solution for the Nazis now was faster submarines, snorkel-equipped, electrically propelled, using torpedoes, which could travel without detection by existing sonar devices. It was this new generation of U-boat that Hitler ordered into full production in 1944.

The biggest out-in-the-open news story of 1943 in Europe was the night-and-day bombing of Germany by the Royal Air Force and the United States Eighth Air Force. The Battle of the Atlantic could not be told in full, nor could the war of deceptions that had failed for Churchill and Hitler. But

commencing at almost base zero in the summer of 1942 (when the best the U.S. Air Force could do was to launch a symbolic raid on France on the Fourth of July with six fighter bombers, three of which failed to return), the buildup of American air strength was steady. Graceful B-17 Flying Fortresses, suited to the war in Europe, along with lumbering Fiberators, strategically preferable for the Mediterranean and the Pacific, were arriving continuously and in great numbers. Existing runways were being lengthened everywhere to accommodate these aircraft, and centuries-old farmland and meadows were being bulldozed into new American airfields. England was being transformed into one vast aircraft carrier.

The Casablanca Conference of January 1943 had closed with the startling "Unconditional Surrender" utterance by President Roosevelt, which ultimately prolonged the war with Germany. It also brought to an end the bitter disputations between British and American air strategists over the coming use of American bombers in England. The British wanted the Americans to bomb along with them at night. They had tried daylight bombing and their losses had been extreme. But General Hap Arnold and General Ira Eaker, commander of the U.S. Eighth Air Force, held out for daylight bombing. Faker's memorandum, which turned the trick, stated that "around the clock" bombing of Germany would destroy German capability to wage war. It was a foolish and naive statement, but Arnold and Eaker and their commanding general Spaatz got their way.

American air generals had nurtured a belief that they had in use the best bombsight in the world, Norden, which the Germans didn't have, and aircraft that, when flying in tight formation at high altitude, could hold off German fighters while hitting a pickle barrel from 15,000 feet. It didn't work out like that. The Norden sight was good, perhaps the best in the European Theatre of Operations at that time. Bombardiers were instructed to destroy the Norden bombsights if forced to land in enemy territory. But the Germans knew all about the Norden sight, and had adapted some of its principles to their own use. A Sperry engineer who was also a German agent had sent copies of the Norden blueprints in 1940 to his control in Germany. He was rewarded with a vacation trip that year to Germany, and the first thing that greeted his eyes when he entered his

splendid hotel suite was an exact replica of the Norden sight, built by German engineers from his blueprints.

As for holding off the Luftwaffe over Germany, this didn't fare at all well until American bomber strength was so great that they were sending aircraft in division strength with long-range fighter squadrons for protection. Even then, with close-formation flying and Browning machine guns from several hundred B-17s laying a wall of shells all over the skies to keep off the attacking Messerschmitts, the losses were enormous. In the three months before D-Day in June 1944, when American air strength was at its peak and the Luftwaffe at its weakest, according to official communiques, the U.S. Eighth Air Force lost nearly 10,000 airmen, 800 heavy bombers, and over 500 long-range fighters.

In 1943 losses were proportionately greater, and they were felt more deeply by those who survived the great air battles of that year and by those who planned them.

The Royal Air Force had its disasters too. British raids on Hamburg, Cologne, and Berlin did great damage to civilians, but at a high cost in planes and young men. Anthony Cave Brown in his book *Bodyguard of Lies* writes of one raid on March 30, 1944, which took a greater toll of the RAF than the entire Battle of Britain. The raid itself, according to him, was strange; it was designed to get the Luftwaffe to come up and fight, so that in the process their number would be whittled down for the D-Day period of attack. He also indicated that it was a deception raid. Brown quotes General Sir Francis de Guingand, Montgomery's chief of staff and the 21st Army group officer, who ensured that deception conformed to strategy and tactics. "On at least one occasion," de Guingand recalled, "the deception people were authorized to reveal the target of a major air attack on a German city to the Germans beforehand in order to reinforce the credibility of an [XX-Committee] agent who was to be used to mislead the German high command during 'Neptune,' which was the code word for the impending invasion of France." Brown's supposition is that Nuremberg was such a raid. It was a straight in-and-out raid made without deception on a clear night, and every German fighter in the defensive zone was in the air waiting. In this one night, the RAF lost 108 aircraft over Germany, 745

crewmen killed or wounded, and 159 prisoners of war taken; while on the return to airbases in England 53 bombers crashed. It was a one-night disaster, and the airmen who clambered exhausted from their aircraft were understandably bitter and suspicious over the planning of the mission.

It didn't take long for the U.S. Eighth Air Force to get bloodied, as some hard-nosed amateurs observed in 1943. There was not an American airbase in England that did not have its losses following an air raid. The concrete U-boat pens at Saint-Nazaire and other French coastal targets were the milk runs. But Germany was the hornets' nest, and each bombing venture was one of brave men on both sides doing deadly battle, the Eighth Air Force versus the Luftwaffe. The deeper the penetration and the more strategic the target, the higher the losses— an automatic equation. Ira Eaker was pushing his men and bombers with the faith that it was the decisive effort that would shorten the war. He can hardly be faulted for this viewpoint, when both Franklin Roosevelt and Winston Churchill held the same. Churchill in July 1941 had told Roosevelt about his intention of pounding Germany and Italy ceaselessly. "These measures may themselves produce an internal convulsion or collapse." To be sure, this statement may have merely been his way of encouraging the president to believe a full-scale invasion of the Continent with Allied armies would not be necessary to defeat Hitler. In months past his battle cry to ensure Lend-Lease aid had been, "Give us the arms and we will do the rest."

The only convulsion the bombing was to produce was on British and American bomber bases in England. In 1943 joint air losses had almost reached the unacceptable point. The Germans had regeared their defenses against night-and-day air attacks. A large proportion of their armament production had been shifted to antiaircraft guns of all caliber, their fighters were excellent, new radar was in use, and the entire northwest region had been formed into box defense zones in which their fighter planes moved by zone according to the attack; if the Allied raid was a deep penetration inland, the invading air fleet would be passed from zone to zone by fighters that would always have sufficient gasoline to remain in the air until the bombers passed through their zone to the next German fighter squadrons. The bombers ran a gauntlet of fire from the ground and attack from the air, continuous and unrelenting, both to and

from a target. So severe was the strain on the crews that an airman who survived 25 missions in 1943 was free to return to the United States.

Early in 1943 a small group of American war correspondents volunteered to be trained for flying with the B-17s in their missions over Germany. This was intended by the U.S. Eighth Air Force to communicate to Americans back in the States the eyewitness story of these air battles and the bravery of their sons. I was one of these trainees, representing CBS News. There were also Walter Cronkite, then of United Press, Gladwin Hill of Associated Press and later of the *New York Times*, Robert Post of the *New York Times*, Homer Bigart of the *New York Herald Tribune*, William Wade of International News Service, Sergeant Scott Denton of Yank, and Sergeant Andy Rooney of *Stars and Stripes.* As a jocular takeoff of World War I's "Fighting 69th," we were referred to as "the Writing 69th" by Colonel Jock Whitney, a peacetime publisher and financier, and Colonel Mac Kriendler of 21 Club fame, who were among those of the Eighth Air Force who had sold the concept to General Ira Eaker. We were sent to gunnery school in England, where we learned to identify all German fighter planes and to strip down and reassemble within 40 seconds the Browning machine guns used in the B-17s and Liberators. This was essential knowledge, for seconds saved in fixing the stoppage in a malfunctioning machine gun could be the difference between life and death. We were not flying as excess baggage but as gunners first, war reporters second. Over Wilhelmshaven, on our first mission, I shot down a Messerschmitt fighter that had come right at us from the front where I was acting nose-gunner. On the same mission, Bob Post's Liberator came apart in midair from the combined flak from the ground and cannon fire from attacking German fighters. In his plane, none survived.

There was a year of such missions. I didn't fly them all, just those that had special news interest. I would remain in London between missions, interviewing people and gathering news for my CBS broadcasts on "The World Today" each morning. But I still recall vividly today the bombing run that I made in the company of a crew on their 25th mission; come hell or high water, they were determined to make it home, back to the States.

We lifted up, off the airfields of East Anglia, in the early morning, 200 B-17s climbing and gathering into close formation over the North Sea. At

12,000 feet the crew clipped on oxygen masks, fired test bursts from their Brownings, and then headed for Germany and the target, which on that day was the harbor of Gdynia, Poland. Here the *Gneisenau* and the *Stuttgart*, two German battleships, 17 U-boats, destroyers, and several smaller vessels were at anchor. It was to be a 2,000-mile round-trip flight, right across Germany, and as we crossed the coastline at daybreak the German fighters began picking us up. It was a running battle all the way to Gdynia, then "Bombs away," and the swing around for a return. Some of the B-17s limped on to Switzerland with engine malfunctions; others crossed the Baltic for safe haven in Sweden. At 20,000 feet over Poland the sea seemed a toy pond, and Sweden beckoned invitingly. Leningrad was but 400 miles to the east, but the pilot had home on his mind. The formation closed for the self-protection of crossfire and we headed for England. Here is a quote from the story I wrote on my return, which I broadcast over CBS:

Across western Germany you could feel the big ship wobbling badly. It had taken too much flak, too much cannon fire. The holes in the fuselage ripped larger. We couldn't keep up with the other planes and our pilot dropped lower with each mile until we were hedgehopping 30 feet off the ground, which kept the fighters from coming up from underneath. We passed so low over a German gun emplacement in Holland I could see the sweat on the backs of the German gunners on this sunny day, trying to bring us down. Bill laid one burst right down the middle of a pathway leading to a pillbox. His shells tore a gunner apart.

We prayed that the gas would hold out. Suddenly it became necessary to lighten the load as we began crossing the North Sea. The fighters had turned away and then we were skimming low over the water. Everything moveable went overboard: machine guns, radio, empty shell cases, oxygen tanks. We made it. The captain pulled the shattered craft up over English cliffland and skidded the length of an RAF runway to a halt. All of us were still for maybe four minutes, exhausted and drained. Bill the bombardier sank down to the floor of the plane with his head between his arms. The navigator fumbled abstractedly with his maps, folding and refolding them. I just sat, thinking, Em alive. Five of the crewmen would never again have that or any other

feeling. They had died on the way back, one with his head shot off. Fourteen hours of hell in the air.

There were to be other missions in which bravery and heroism and fear all seemed to blend into a pattern. Lieutenant General Carl A. Spaatz, who succeeded Ira Eaker as commander of the Eighth Air Force, was prompted to say after the raid on the ballbearing factory at Schweinfurt, in which 60 U.S. bombers were shot down and another 17 seriously damaged, “We don’t deserve such men. They know how bad it is but, aside from a few, they’re ready to go again. We just don’t deserve them.”

Perhaps these air contests over Germany in 1943 and 1944 were worth the expenditure in men and machines. But the conclusion of the U.S. Strategic Bombing Survey after the war, when they assessed the bomb damage done to Germany, was that “prior to mid-1943, neither the British nor the U.S. attacks had a significant effect on military output as a whole; that in the second half of 1943 and the first half of 1944 they caused losses of some five and ten per cent respectively.”

By June of 1944, the British and American air forces were dumping 3,000 tons of bombs a day on Germany. Yet German military production kept pace with army requirements because the bombs were usually aimed at big cities, rather than at precise factory targets, which were relatively small and hard to hit. Even air defense armaments and production (fighter planes, antiaircraft guns) nearly tripled in the first half of 1944. Winston Churchill had abandoned the idea of halting German factory output through bombing; instead, he hoped to break the will of the people by destruction of their cities. But the German people, once fully mobilized following shock from the loss of their army at Stalingrad and the later destruction to Hamburg, Cologne, and Berlin, were able to maintain production capacity against air onslaughts for a remarkable length of time. The nation excelled in improvising, which should set at rest the British-American myth of World War I that Germans cannot improvise successfully (like Hollywood’s myth of 1940 that Japanese pilots couldn’t fly as well as American pilots because they had slanty eyes). The Germans extemporized in the face of enormous difficulties; the ability to surmount shortages

of critical war items and the quick repair of bomb damage to maintain production levels were strong points of German industry.

In this same month, German test pilots were flying new jet fighter prototypes having double the speed of existing fighters and great maneuverability. In quantity, they would have decimated the slow-flying bombers of the RAF and the U.S. Eighth Air Force. Their V-2 rockets, weighing 13 metric tons, were hitting London at 1,500 miles an hour, using only regular bomb explosives in their nose cones. An atomic warhead was all that was needed to change the face of war in Europe, and German scientists were straining to produce just that. Germany possessed other new weapons, but not in volume production, in the summer of 1944. Albert Speer, minister of armaments and war production, told of these:

We possessed a remote-controlled flying bomb, a rocket plane that was even faster than the jet plane, a rocket missile that homed in on an enemy plane by tracking the heat rays from its motors, and a torpedo that reacted to sound and could thus pursue and hit a ship fleeing in a zigzag course. The designer Lippisch had jet planes on the drawing board that were far in advance of anything so far known, based as they were on the all-wing principle. We were literally suffering from an excess of projects in development.

Hitler strove to buy time on the battlefields so that he could place at least a few of these new weapons into battle.

Martin Bormann, on a different tack, was having meetings with Hermann Schmitz, president of I.G. Farben, regarding the movement of German capital out of the Third Reich. Schmitz was just the right man with whom to hold such discussions. Earlier in the war, he had reported to Bormann: “Our measures for camouflage have proved to be very good during the war, and have even surpassed our expectations in numerous cases.” He was talking about the concealment of the true ownership of Farben assets as a war and postwar device.

Bormann was well versed in the usual fiscal stunts practiced by banks and big corporations. But his association with Hermann Schmitz, the “master of financial camouflage,” was tantamount to matriculating in a confidential

postgraduate course in highest level corporate and money manipulation. For this reason, Schmitz was also given the title of “secret councilor” *(Geheimrat)* to the NSDAP and Martin Bormann. He sharpened Bormann’s already sharp skills, which were soon to be utilized for the German postwar commercial campaign that the Reichsleiter visualized.

Bormann was comfortable in his relationship with Schmitz and LG. Farben. All Farben company leaders overseas (I.G. Verbindungsmanner) were NSDAP members. This made Reichsleiter Bormann, as head of the party chancellery, their political chief. In addition, because German economic specialists had successfully penetrated eleven nations and had the economies of each under control, Bormann had a further base of business relationships outside Germany totaling several hundred thousand: businessmen who felt snug working with German economic leadership because it was always profitable. Under party rules, the chain of command ran from Bormann to the minister of economics to those who administered the Four-Year Plan of German economic supremacy to those businessmen of occupied territories and neutral nations who took their directives and profits from Berlin. This economic web stretched across France, Belgium, Holland, Norway, Yugoslavia, Austria, Poland, Spain, Sweden, Switzerland, Turkey, Portugal, Finland, Bulgaria, and Romania, and reached out to such South American countries as Argentina, among others, that preferred an association with Germany to one with Britain and the United States.

I.G. Farben by itself was represented in 93 countries. This industrial multinational, added to other German corporations and the businesses and businessmen of all these countries, gave Martin Bormann an economic empire of unparalleled magnitude in which he could operate when it came time to shift German assets elsewhere. The predictable defeat of Germany would give pause to this international economic relationship, but it would be quickly renewed during the early cold war years and their intense friction with Russia. This latter caused General Patton to say, “America had been fighting the wrong enemy— Germany instead of Russia.” For this intemperance, General Eisenhower relieved him of command of the U.S. Third Army. It was not long after that Eisenhower was telling Konrad Adenauer that he didn’t object to reappointment of deposed Nazis if they were the best men for positions in the new German government. Likewise,

another American general (Lieutenant General Lucian K. Truscott, Jr.) commented that he would like to see soldiers in a new German army like those who had fought him at Anzio.

But Swiss banks and the use of Swiss fiscal agents were specifically on the agenda of the June 1944 meeting. Schmitz laid it all out for Bormann when he explained how he had disbursed I.G. Farben.

There was an age discrepancy between the two men. In 1914, when Bormann was entering Science High School in Halber-stadt, Schmitz was an executive of Metallgesellschaft A.G. in Frankfurt, at the beginning of an amazing career. A fellow executive was a Swiss, Eduard Greutert of Basel. Six years later Greutert returned to Basel to open a private bank, Greutert & Cie. The funding capital was provided entirely by Metallgesellschaft A.G., and it was Schmitz's idea. It was the start of a great flow of German assets to Switzerland in 1920-21 by industrial leaders who distrusted their government, which could contain neither inflation nor communists. Hermann Schmitz also had the idea that a corporate base in Switzerland would be desirable to offset the bad German image after World War I. Germany went on suffering in a prolonged way from deprecating half truths and outright falsehoods spread throughout the world by Lord Beaverbrook, British minister of propaganda. It was not until World War I's end that America awakened to the fact, for example, that photographs of Belgian nuns "being butchered by Huns" were in fact still photos prepared by British propaganda experts. The sinking of the *Lusitania* by the German submarine U-20, a major factor in bringing America into World War I, had been but another British ploy. Winston Churchill, then first lord of the Admiralty, stated that the great Cunard liner had been a regular passenger vessel carrying an innocuous cargo, and that the German attack on her amounted to an unprovoked act of war against citizens of a neutral nation, the United States. Along with 1,198 others, 124 Americans perished in this sinking. But Churchill's statement and the official version of the disaster were later disproved. The ship had traveled unescorted, when British Admiralty advisors to Churchill urged destroyer escorts. There remains the strong suspicion that the ship was deliberately sacrificed by British government leadership as a means of drawing the United States into the war

on the side of England, bled white on the battlefields of Flanders, and quite understandably taking any measures to survive and be victorious.

In 1972 Colin Simpson, the British author, in his book *Lusitania*, provided fresh evidence that the suspicions going back to World War I were valid; that the *Lusitunia*, with foreknowledge by the Admiralty of U-20's position, had been allowed to steam alone into the path of the submarine off the Irish coast; and rather than carrying a harmless cargo the passenger liner was in fact heavily armed, with her manifests falsified to hide the large load of munitions, which would make her a legitimate target of war. Winston Churchill expounded his philosophy of how to win a war in his autobiographical account of World War I, *The World Crisis:* "At the summit true politics and strategy are one. The maneuver which brings an ally into the field is as serviceable as that which wins a great battle."

But the image of German ferocity lingered in peacetime, contributing to the savage terms of the Treaty of Versailles, signed by Germany under duress, which paved the way for the rise of Adolf Hitler. For these and other reasons, Hermann Schmitz and Ruhr industrialists generally agreed that in the best interests of German economic revival a corporate move into Switzerland would be good business. Schmitz also held to the old German proverb: "Money won't bring happiness unless you have it in a Swiss bank."

As Schmitz explained to Bormann, he used Eduard Greutert and his bank to set up a dozen corporations and 65 accounts, all interrelated. The accounts were in many different names; some were paper corporations, some corporate groups or syndicates or subsidiaries. The directors of all were Farben officers and Greutert bank officers. In the early 1920s Schmitz bought out Metallgesellschaft A.G.'s interest in Greutert & Cie., and it became his own bank. Schmitz was now head of the large German dyestuff firm of Badische Anilin, and he began moving his new firm's excess capital into his Swiss bank. In 1925 Herman Schmitz assembled a merger of the six largest German chemical and dye companies: Bayer, Griesheim-Elektron, Weilerter-Meet, Agfa, Badische Anilin, and Hoechst. The new conglomerate was named Internationale Gesellschaft Farbenindustrie A.G., or, more conveniently, I.G. Farben. It went right on

merging with and buying out other firms. Schmitz was an early supporter of Adolf Hitler and his NSDAP party, and eventually became a Reichstag deputy and secret counselor to Bormann and the party.

Martin Bormann had married and become an indispensable member of the party leadership. More and more, Hitler turned to him for assistance and support, and for financial guidance of his personal affairs and those of the party. It was natural that the paths of Schmitz and Bormann would cross, each recognizing in the other similar aptitudes.

In Basel, Schmitz's bank, protected by the Swiss regulations of privacy, concealed Farben ownership and interests in these global firms: Parta-Bayer (French chemical sales), Parta-Cheh-amij-Mapro (Dutch, with interests in England, Belgium, and Sweden), Romanil and Budanil (Hungarian), Athanil (Greek), Defa (Dutch), Norsk Hydro (Norwegian), Trafford Chemical (English), Union Quimica del Norte de Espana, S.A. (Spanish), the Bayer Company, General Aniline Works, Winthrop Chemical Company, and Agfa-Ansco (all of the United States). Other concealed firms included many in Latin America. All these major multinationals owed their existence and ongoing prosperity to exclusive use of I.G. Farben patents and licenses in the production of chemical and related goods.

Schmitz organized all these into one giant holding company by establishing a new Swiss corporation named Internationale Gesellschaft fur Chemische Unternehmunger A.G.—I.G.

Chemie, for short. Its capital was so structured that voting power always remained with Farben board members and elected officers of Greutert & Cie., the name of which was changed upon the death of Greutert to that of his successor, Hans Sturzenegger & Cie. Business went on, with Schmitz calling the shots. In Switzerland, he used this private bank, in Germany the Deutsche Bank. But he considered it useful to have a special Berlin bank relationship for I.G. Chemie, and had the firm buy 60 percent control of Deutsche Laenderbank.

Bormann was fascinated by the complexities of the I.G. Farben strategies. At the June 1944 conference he got a briefing of the Swiss banking system. Bormann did not confide fully to Schmitz at this time about his precise

intention to shift German liquid assets to neutral nations, but the canny I.G. president sensed something was in the wind. After all, the Reichsleiter was custodian of vast sums, the Reich chancellery fund of the party and other moveable assets; also, he needed the services of I.G. Farben as well as the skills of its president. Schmitz would be informed in full when the time came.

Hermann Schmitz explained to Martin Bormann that Swiss banking was quite special. Under a Swiss law passed in 1934 to keep Gestapo agents from locating the savings of German Jews, it is illegal for a Swiss bank to divulge information about any numbered account. “This also worked to our advantage,” Schmitz told Bormann. “It insured our secrecy and kept the door closed to Allied fiscal investigators about our corporate holdings, manipulations, and movement of funds.” He added that while there are 500 banks in Switzerland there are only eight basic categories of banks. The Big Three consists of the Credit Suisse Bank, the Union Bank of Switzerland, and the Swiss Bank Corporation; while the small big two are the People’s Bank of Switzerland (Swiss Volksbank) and the Bank Leu & Co., Ltd. But for the international requirements of such a one as Hermann Schmitz, the private bank, in the seventh category, is the bank of greatest usefulness. It issues no balance sheets and plays but a minor role in Swiss finance, but it is important to world finance and has stature and power way beyond its size. H. Sturzenegger &Cie., the renamed Greutert &Cie., was such an institution.

Like its peers, it had an unrestrained freedom to invest as it

saw fit. Once its fiscal volume reached a good level because of its association with I.G. Farben and I.G. Chemie, the entire bank turned into a money-making machine. This gave it an unlimited power to reach out into other multinationals and even into governments. It performed the functions that Schmitz required of it: operated cash arbitrage, safeguarded secret slush-fund accounts, handled payoffs to generals and admirals and politicians of occupied countries and neutral nations, paid some of the salaries of overseas spies of the Third Reich, supervised I.G.'s corporate marketing cartels, underwrote speculative securities, administered issues, sequestered gold reserves, managed patents and franchises placed in their safekeeping by Schmitz, provided Swiss-franc accounts for multicurrency payrolls, hoarded the personal holdings of key executives, transferred and hid certain deposits, expedited currency exchange at the most favorable rate of the hour or day, and executed forward contracts in cash and commodities-all for a profit. With Schmitz and his corporations in its corner. H. Sturzenegger &Cie. was also able to enter the realm of biggest profit potential: it placed five bank officers on the board of I.G. Chemie. To know the plans of such a corporate apparatus is to gain superprofits, the dream of bankers everywhere, whether in Basel, Zurich, London, or New York.

Swiss banking is like banking anywhere, although carried out with greater confidentiality. Money has neither nationality nor morality. As one Swiss banker remarked, "I am not a priest or my brother's keeper; I accept deposits and I lend and handle money for a fee. World politics plays no part in who shall be granted deposit privileges in Swiss banks," he continued. "Politics change like governments but our banking strength lies in secrecy which must be absolute." The importance of money to the Swiss is reflected in aristocracy and leadership. Family aristocracy is based only on wealth. Lose your wealth, and you are no longer aristocracy.

Switzerland developed as a great banking and money power over the last hundred years. By 1939 and the outbreak of war elsewhere in Europe the country had become one vast supercartel, the registered home of 2,278 international corporations. There was a total of 214 banks with strictly international business, 38 insurance firms controlled from outside the

country, and 2,026 holding companies, trusts, and personal corporations whose majority stockholders were not Swiss. The locals were the professional day-by-day managers, whose guiding principle was to return a profit to shareholders in Britain, France, Germany, Holland, Belgium, Luxembourg, and the United States, among other countries. Insurance companies registered in Switzerland were generally British capitalized, but the shareholders were a spectrum of belligerent nationalities involved in World War II.

By 1981 almost every major American corporation was to have a Swiss operation; 4,000 U.S. business organizations would follow the lead of Hermann Schmitz of the twenties, thirties, and forties, and become solid customers of Swiss banks in the sixties, seventies, and eighties. Such accounts, however, should not be lumped in with the Meyer Lansky type of operation, in which a crime syndicate would deposit gangster-gained money into the bank he had organized, along with John Pullman, his former bag man in the United States, as president of the International Credit Bank of Switzerland. This enterprise fell into the Swiss banking category “Other,” meaning that it was actually owned by foreigners, and that unscrupulously earned money, Las Vegas and syndicate, would be laundered and returned via Nassau, for example, to the United States. The major U.S. corporations were drawn to Switzerland because they were increasingly involved in commercial ventures in every corner of the world, and Switzerland was a money center of the utmost convenience and dependability. They could also make even more money by engaging in currency speculation, besides having freedom of investment. It was nineteenth-century capitalism in the twentieth century. The comparatively heavily regulated New York money-center banks were able to obtain their footholds in Swiss banking in one way or another, and by 1980 they were earning over 70 percent of their profits from overseas deals.

So in June 1944, Martin Bormann was taken to the mountain-top by Hermann Schmitz, the master. Bormann, a quick study and with a steel-trap mind, was preoccupied in the ensuing days. Hermann Schmitz, who had eleven I.G. Farben companies in Japan, as well as the intelligence organization of Max Ilgner’s N.W.7, the I.G. Verbindungsmanner who were the liaison officers between Farben in Japan and the home office in

Germany, let him in on some of the fiscal secrets of Emperor Hirohito, who used Swiss banks to place his enormous liquid fortune beyond the reach of the Allies. So did the industrial and financial leaders of Japan, who also knew how to move their wealth around the world.

The Japanese imperial household was no small bureaucracy. It represented 3,000 civil servants who ministered to the needs of the imperial family and handled the complexities of the many companies of the imperial family-zaibatsu holding corporations that it controlled. With his immense land holdings and the profits from his many investments, Emperor Hirohito was by far the wealthiest individual in Japan. Within the structure was the lord keeper of the privy seal, the emperor's most important advisor, the only one who could offer unsolicited comments. From 1940 to the end of the war the lord keeper of the privy seal was Marquis Koichi Kido, who performed just as ably for Hirohito as Martin Bormann did for Hitler.

Kido learned, in 1944, through the Japanese ambassador in Berlin, General Hiroshi Baron Oshima, that Reichsleiter Martin Bormann had given orders to German industry to begin transferring moveable wealth from the Third Reich to neutral nations of the world. Bormann, so Oshima said, was also moving party funds to Switzerland and Buenos Aires. It was a signal loud and clear that Germany had lost the war and was making preparations for a future point in time when liquid assets and economic power bastions outside the Third Reich would come to the assistance of a new Germany. And when Emperor Hirohito received his two requested reports on the future of the war in the Pacific from his army and navy chiefs of staff, he, too, concurred that their war could not be won. He asked Kido to prepare a peace plan for the Japanese nation; and Kido began work on it in January 1944. The lord privy seal envisioned the first step in any peace plan as one that would preserve the imperial throne and its imperial wealth.

Kido held meetings with key bankers and the transfers of imperial money to Swiss accounts was effected smoothly via bank telegraph credit, inasmuch as major Japanese banks had their own correspondent banking relationships with the important fiscal institutions of Switzerland. Emperor Hirohito and his imperial household zaibatsu had stock ownership and deposits in fourteen of the major Japanese banks, all of which cherished the honor of

acting as an imperial depository. The fourteen banks gave all assistance necessary, of course, to the Kido transfer plan.

However, as Hermann Schmitz pointed out to Reichsleiter Bormann during their 1944 meeting on Third Reich fiscal strategy, the most important bank to the imperial family was the Yokohama Specie Bank. The family owned a 25 percent controlling interest, and therefore it was the major instrument used in the movement of large currency credits and other liquid assets to Switzerland, where Yokohama Specie Bank had a branch and correspondent relations with Swiss and German banks. The importance of Yokohama Specie to the German Central Bank and the economic conduct of the war, which also generated further income from the bank's major shareholder, was contained in a code intercept by "Magic," the U.S. code breaker structure, in a message from the Japanese ambassador in Berlin to Tokyo on March 19, 1942:

Pending consummation of the German-Japanese economic talks in Tokyo and their satisfactory conclusion by March 31, Germany will place 10,000,000 marks to Japan's credit in payment for war materials delivered to that date. The technical details concerning use of the fund and repayment will be handled by the German Reichsbank and the Yokohama Specie Bank.

In his transfer plan of 1944, Lord Privy Seal Kido was confronted with the problem of physically moving the emperor's gold kilo bars from the Imperial Palace to some safe haven where their value would be credited to the imperial account in Switzerland. In 1944, when Japanese fighter planes still controlled the air space of northern Asia, this proved a soluble problem. The major Swiss banks, such as Swiss Bank Corporation, have five key areas throughout the world where gold and silver bars can be deposited in Swiss controlled vaults, with a credit then telegraphed to the relevant bank in Switzerland. These key localities are known in the Swiss banking business as "Loco," so once Kido had dispatched a Japanese imperial courier plane with fighter escort to Hong Kong and Macao and other sites with imperial kilo bars they quickly became a deposit credit in the Swiss receiver bank. By the end of the war the deposits on hand were astronomical, and during the postwar rehabilitation of Japan, the imperial

fortune kept increasing from the interest charges for loans to various zaibatsu companies who were struggling-as were German firms—for a comeback in world markets.

As a result of these tranfers, American SCAP* fiscal investigators found the imperial vaults pretty nearly bare when they went poking through the recorded assets in the imperial palace following Japanese surrender aboard the U.S.S. *Missouri* on September 2, 1945. They found jewelry, gold, silver, coins totaling 3,010,066 yen, and as the yen at that time was worth about 360 to the U.S. dollar, it was a token $2 million.

While the emperor was having his liquid assets banked out of Japan, the other zaibatsu leadership groups placed on deposit these sums in the following countries: Switzerland, $19 million; Sweden, $1.6 million; Portugal, $999,000; Spain, $22,000; Afghanistan, $118,000; Turkey, $107,500. But these sums were currencies and trifling alongside the billions in gold that flowed from Japan in the last year of the war. The Joint Chiefs of Staff in Washington and Ambassador Edwin W. Pauley, who reported to President Truman on reparations, recommended that the bulk of Japan's gold be deposited in the U.S. Mint in San Francisco. Pauley said the value would not exceed $200 million. But his advisors were basing this estimate on Japanese smelter records and gold production figures from 1940 to 1945 at the Kamioka mine and other smaller mines on the west coast of Honshu, which showed a declining gold production of only 1,173 fine ounces; and inasmuch as many banking records in Tokyo covering gold deposits had been previously removed from the files or burned, most often blamed on the firebombing of Tokyo, no true figure could be arrived at by SCAP.

However, what SCAP and Ambassador Pauley did not take into consideration was the loot of Asia, and by 1944 Japan had taken 25 tons of gold from the vaults and mines of various Asiatic countries it had overrun. Like the Third Reich, the Japanese pattern of conquest and pillage prevailed. As armies Supreme Commander, Allied Powers. marched, fought, and conquered, they were followed by the ubiquitous bankers and business specialists who assumed economic control of the lands and people and assets they coveted. They seized gold and formed companies to mine

for minerals, oil, coal, and all other substances necessary to a resource-poor country like Japan. As it established companies in Manchuria, China, Taiwan, Korea, Hong Kong, Singapore, the Philippines, French Indo-China, Burma, and the Dutch East Indies it did so beneath the imperial banner and patriotic slogans: “The Emperor is divine, and the Japanese people are superior to other races and are fated to rule the world.” But behind the slogans was a hard-headed commercialism dedicated to profits for the zaibatsus, which included the imperial household zaibatsu, funneled through stock ownership in the scores of corporations established in banking and industry of each conquered country.

Like so many other moveable assets, the 25 tons of gold bullion disappeared in 1944, and this is a secret known only to a cadre of top leadership among the zaibatsu. Still, when General MacArthur finally implanted a new constitution on Japan and approved a new government in 1947, this leadership informed the supreme commander that $2 billion in gold had been flown back from bank vaults in Korea in August 1945, and sunk in sealed containers in Tokyo harbor. It requested in 1947 that this treasure be retrieved and placed in the national treasury to secure the new currency. General MacArthur readily agreed, but it was the first 25 tons of gold that formed an economic bedrock which helped Japan rise from the ashes. Toil and sacrifice and American aid were all part of the contributing picture, but as Martin Bormann remarked about the advisability of placing German assets beyond the reach of the Allies, “the Fatherland will need this to rise again.”

In 1944 while the lord privy seal was making his peace plans, Emperor Hirohito waited for the ultimate excuse for withdrawal from the war. Kido had recommended the removal of Prime Minister Tojo from office in 1944. Tojo had originally been placed in office on the recommendation of Kido, but now he was to take the blame for the defeat and for the atrocities that Japanese forces had committed when it was foreseen that the war was lost. Actually, the war had been planned in the War Room of the Imperial Palace, from the attack and rape of Nanking to the bombing of Pearl Harbor, with the emperor an interested participant in all major strategic decisions. From February 1944 to the fall of the Tojo cabinet, all cabinet meetings were held in the Imperial Palace to impress the public with the

seriousness of the situation as well as to give imperial sanction to emergency measures. At one cabinet meeting, Kido had remarked, “If the Tojo cabinet continues in power it will surely mean revolution within the country, and domestic disruption will destroy Japan.” To the lord privy seal it also meant that the imperial household and the emperor would be destroyed. Kido moved to cosmeticize the role of the emperor in the war, stressing always that he had only been a benevolent figurehead.

Kido knew the people would have to be prepared for surrender. The fighting men had staked their honor on victory or suicide, and vast numbers had died in the emperor’s name. If peace was premature, many would say that Hirohito lacked the courage to fight the war through to the end. Widows and orphans would blame the emperor for causing their fathers and husbands to die in vain. The emperor and Kido knew that the people had reached the point where they were eager to see an end to war. When the time arrived that they thought it was they who had fought poorly and let the emperor down, then and only then, if Hirohito declared for peace, would the people feel obligated to him.

As the lord privy seal focused on his imperial peace plans, the emperor studied the charts in his War Room. It is a myth that the emperor stood above shot and shell; from 1937 to the war’s end, he had been closely involved in the conduct of Japanese expansion into China and to the south and west. He had appointed Tojo as prime minister for his warlike qualities, and when he spoke with Admiral Yamamoto before the attack on the United States he had asked the admiral’s opinion as to how the war would go. Admiral Yamamoto had said, “I will run wild for the first eighteen months of the war and after that it will be all downhill. But I will do my duty for the emperor.” Hirohito had nodded, replying, “By then Hitler will have won his war in Europe and the United States will make an accommodation with Japan which will give us much of the territory we have gained.” The emperor must have recalled this conversation when he was informed of Admiral Yamamoto’s death at Bougainville in 1943. The admiral was on an inspection trip, and his plane was shot down after his flight schedule in code had been intercepted by the code breakers of “Magic.”

The research and analysis branch of the OSS had prepared a secret report in September 1944 for the U.S. Joint Chiefs of Staff. It told in some detail of the involvement of the Japanese emperor with the war:

At the inception of the present war, the Emperor issued the conventional Imperial Rescript declaring war in his name, and continued to follow his usual pattern of keeping out of politics. However, as it became evident that victory would not be easily won, the ruling group found it necessary to use the Emperor's name as an incentive to greater effort.

With the Allied advance in the Pacific, the Emperor was called on to furnish even stronger incentives to the Japanese people, and he thus became more entangled in the activities of the dominant military group. In November and December, 1943, the Emperor issued two Imperial Rescripts honoring the Navy for completely fictitious "victories" off the Solomon and Gilbert Islands—an unprecedented mortgaging of the Imperial dignity for the purpose of restoring faith in the naval conduct of the war.

While the emperor waited for an excuse for withdrawal from the war, he approved the many defensive measures being undertaken to repel the invaders. Like Hitler, he toyed with the thought of leaving the nation's capital. So some 75,000 men toiled beneath the peaks and valleys of the Nagano Alps building tunnels in which Hirohito could preside over the final defense of Japan. But, like Adolf Hitler, the emperor had no intention of leaving Tokyo. His propaganda minister, like Dr. Goebbels in Berlin, fostered the notion of battle to the last, but it was smoke of sorts, contrived to make more steadfast the flagging will of the people.

On August 7, 1945, the emperor was presented with his reason to initiate peace. He received the Japanese army report of the atomic destruction of Hiroshima. Two days later, on August 9, a second A-bomb was dropped on Nagasaki.

Although the emperor and Lord Privy Seal Kido had been thinking about surrender for nineteen months before the two atomic bombs fell, it took

only days for Emperor Hirohito to agree to surrender terms on the Potsdam Declaration.

At this point in time, as in Berlin, the preparations for postwar commercial survival for two defeated nations had been completed, and now only the final scenario had to be played out. For Bormann, the blueprint was clear and he was to follow it with precision. For the emperor and Kido, General MacArthur was to be a worthy protagonist. In the end, the emperor and the supreme commander came to admire each other, and it was MacArthur who in the end dissuaded the War Crimes Commission in Fondon from trying Emperor Hirohito as a war criminal. He said:

“His indictment will unquestionably cause a tremendous convulsion among the Japanese people, the repercussions of which cannot be overestimated. He is a symbol which unites all Japanese. Destroy him and the nation will disintegrate. They will regard Allied action as a betrayal in their history and the hatreds and resentments engendered by this thought will unquestionably last for all measurable time. A vendetta for revenge will thereby be initiated whose cycle may well not be complete for centuries, if ever.

“I believe all hope of introducing modem democratic methods would disappear. It is quite possible that a minimum of a million troops would be required which would have to be maintained for an indefinite number of years.”

There was more to the MacArthur opinion, but the thought of a million Allied troops with a vast bureaucratic force chilled the War Crimes Commission. As a consequence, it was decided to settle for a war crimes trial at a lesser level. Ford Privy Seal Kido was tried as a war criminal, along with 36 others, and sentenced to life imprisonment.

At the time of this trial, Kido’s counterpart in Germany, Martin Bormann, was to make his plans for personal survival, and they did not include prison and death at Nuremberg.

The zaibatsu was to be outlawed during the occupation of Japan by General MacArthur as a way of breaking the stranglehold held by the few on the

economy of this nation. But once the occupation ended and Japan again became master of her own destiny, the family-controlled holding companies were to make their comeback bigger and stronger than ever before, under the name “Keirestsu,” which also means “group.” Today the six big Keirestsus control the economy; in fact, they *are* the economy. The six largest groups control 40 percent of the nation’s corporate capital, and 30 percent of its corporate assets. The trading companies of these six Keirestsu hold stock in more than 5,400 companies in Japan, and the Keirestsu banks own even more. The Mitsubishi and Mitsui families were zaibatsu before their holding companies were broken up by MacArthur, but today they are comfortable Keirestsu. It was never General MacArthur’s purpose to strip clean the imperial family, but to breathe some fresh, contemporary air into an archaic economy by removing strictures that had generated a war machine based on absolute strength, the basis of Japan’s military might before and during World War II.

Hirohito was to turn over to the people of Japan his forestlands, museums, artistic treasures, and heirlooms. However, the wealth that had been transferred on his behalf as well as on behalf of the other zaibatsu families was never touched and represented bastions of economic strength, as did the wealth that was established by Martin Bormann on behalf of the Third Reich.

As was proven in time, the wealth and the corporations controlled by the Bormann organization, on the one hand (in the Federal Republic of Germany, 1 percent of the corporate leadership controls 40 percent of the industry and finance), and by the zaibatsu/Keirestsu, along with the holdings of the imperial family, were the basic instruments that guided both defeated nations back to economic power.

5

DURING THE BATTLE FOR THE ARDENNES IN December of 1944, Hitler’s headquarters on the Western Front was hidden underground in a woods one mile northwest of Ziegenberg. It was realized there that the failure of this offensive meant the war was ended. All to follow was charade, merely a resistance that would continue to take Allied and German

lives until May 1945. At the height of the Battle of the Bulge, champagne was served in the Western Headquarters bunker on Christmas day, and a euphoric Hitler spoke optimistically of 1945.

One man not at all euphoric was Martin Bormann, deep in his circumspect designs to enable Germany to emerge from certain military defeat to commercial victory in the postwar world. On this Christmas day, the Reichsleiter sipped champagne with the others of the headquarters staff and agreed with Hitler that 1945 would be a very interesting year indeed.
He then stepped back into his office, to the papers spread out on his desk, some of which were reports received as to the progress of his flight capital program, which had been launched immediately following the meeting of German industrialists in Strasbourg on August 10.

On one report he noted that the plan to increase the registration of German patents in neutral nations had proceeded satisfactorily. In Sweden, for instance, patent registration in 1938 had been 1,618, but after the Strasbourg meeting in 1944 the patent registration had risen to 3,377. The ownership of patents represents a blockhouse of power in any commercial contest, and the most important German industrial corporations were doing their best to maintain their ownership of vital processes. The firms represented on the memorandum were I.G. Farben, Zeiss-Ikon, Bosch, Daimler-Benz, A.E.G., and Siemens. There was a similar increase in patents by these and other German firms in Switzerland and Portugal.

Bormann had another report, on the continuing creation of assets in the neutral nations. German trade with and payments to these were carried on mainly through clearing agreements. In Spain, Sweden, and Turkey a two-price system was now being used for German goods. The lower price was paid through the clearings (the total of banking claims presented daily in settlement of accounts at a clearing house) while the higher price was retained on the books of the neutral importer. The difference accumulated was paid to the account of the German importer-exporter, becoming flight capital on deposit. To give some idea of the size of such deposits: within months of the inauguration of the two-price system, Swedish firms owed about $18 million in kroner and Turkish firms $12 million in Turkish lira. As goods shipments increased the sums on deposit in neutral banks

accelerated, then the excess capital was invested in local real estate and industry.

Balance sheets showed Bormann that eleven mines in central Sweden were now owned by German firms and operated directly or indirectly through Swedish companies by the large German steel firms of Roechlingsche Eisen and Stahlwerke G.m.b.H., Voeklingen, Saar; Hosche, Dortmund; Friedrich Krupp, Essen; Gutehoffnungshutte, A.G., Oberhausen; and Vereinigte Stahlwerke, Diisseldorf. The coal now mined was shipped to Germany, with German firms paid in Sweden under the two-price system .

Members of the German steel cartel (such as Vereinigte Stahlwerke, of which Hermann Schmitz was a director, Mannesmann, Krupp, Gutehoffnungshutte, and Stahlunion) all owned related enterprises in Sweden, and the importation, handling, and transportation of coal and coke became almost a projection of Germany's coal industry. In shipbuilding, the Swedish companies owned or controlled by German shipping interests accepted vessels built by the Swedish firms and kept them in Swedish waters until after the war. A further example of masked investment was the money paid into the Swedish shipping firm of Rederi A/B Skeppsbron, which received a German-guaranteed loan of $3 million made from German supplies of free Swedish kroner in which the vessels were mortgaged to the lender. Although the Swedish company remained officially the owner of the vessels, the German Hamburg-Amerika line was the real owner.

Martin Bormann also knew that the vast funds sent outside the Third Reich under his new Nazi state policy were rapidly concealed in safe havens. In Sweden, the technique was to use Swedish cloaks or German-controlled local nationals to increase the recapitalization of Swedish firms. This produced a further stock buy-in by German interests. A big penetration was made into commercial and mercantile enterprises, where nearly two hundred Swedish firms were now operating on capital wholly or in part supplied by Germans or German firms.

In 1944 there was intense pressure on Sweden by American and British government representatives to halt the export of iron ore, special steels, and machine tools to Germany. The Allies also wanted to deny the Germans

Swedish ball bearings, a prime element in all machinery of war used by the Wehr-macht and Luftwaffe. They also wanted German military traffic through Sweden to Norway stopped. An interesting sidelight to this struggle between the Allies and Germany for influence on Sweden is the peculiar role played by Marcus and Jacob Wallenburg, members of Sweden's most important banking family. Marcus headed a government commission which negotiated trade and political agreements with Britain and the United States throughout the war. At the same time, his brother Jacob was chief trade and economic negotiator for the Swedish government with Nazi Germany. Thus were both sides covered for Swedish business, including the family's own very substantial economic interests. Following World War II, this family empire was to achieve its most spectacular prosperity, as German investments under the Martin Bormann program matured in their Swedish safe-havens. In this way impressive wealth accrued to the Wallenburgs as well as to other Swedish and German investment groups controlling large holdings in the many Swedish companies under German dominance in 1944. For a time, however, in 1944 under the pressure of threatening to place Sweden on an Allied blacklist, coupled with promises of compensating Allied orders, Sweden agreed to Allied demands in December 1944, the very week Martin Bormann was reviewing German investments in Sweden. He shrugged at the news clattering over the teletype from Berlin. The agreement pleased the Allies but failed to dent the Bormann-sponsored hidden investment program in Sweden. The war would be over anyway in a matter of months, and business would pick up again. The binding ties of marriage, finance, and investment between Sweden and Germany were stronger than ever, and with peace would come a lessening of Allied probing into German financial and business manipulations, particularly when so many Swedes had a personal stake in the growth and prosperity of every firm owned or controlled by German interests. The Allies were advancing everywhere on the battlefronts and in their diplomatic arm-twisting of neutral nations. Yet the outlook of Reichsleiter Bormann differed little from the pragmatic cynicism of Hermann Rochling, the Saar steel magnate, who, when told in December 1944 that the Saarland would be overrun in days by American forces, replied almost indifferently: "We have lost the Saar once before and won it back. Old as I am, I shall see it return to our possession again." And so it did.

The movement of German assets into Switzerland had also gone well, Bormann noted from his reports. Flight capital investments had been accomplished principally through the establishment of subsidiaries of powerful German firms. Over half the total German capital in Switzerland was used in setting up holding companies representing LG. Farben, Merck, Siemens, Osram, Henkel, and others. A holding company may not trade in any form. It may only hold stock in other companies, but through this device the existing German firms, and the 750 new corporations established under the Bormann program, gave themselves absolute control over a postwar economic network of viable, prosperous companies that stretched from the Ruhr to the "neutrals" of Europe and to the countries of South America; a control that continues today and is easily maintained through the bearer bonds or shares issued by these corporations to cloak real ownership. Bearer shares require no registration of identity, for such shares are exactly what they mean; the bearer of the majority shares controls the company without needing a vestige of proof as to how he acquired them. Thus the Germans who participated as a silent force in Bormann's postwar commercial campaign-which is sometimes referred to by aging Nazis as "Operation Eagle's Flight" or "Aktion Adlerflug"—insured their command over the industrial and financial institutions that were to move the new Federal Republic of Germany back into the forefront of world economic leadership.

In Switzerland the most substantial investments were in chemicals and drugs, and in electric power and equipment. German investments totaled $300 million, of which bank deposits (cash and securities) amounted to about $250 million, with direct investments about $50 million. In the German-Swiss clearings, Germany's debt, as the new year of 1945 began, was 1,000 million Swiss francs ($2 32.1 million). Swiss investments in Germany and prewar loans to Germany were $445 million.

Six Swiss private banks were now used by German firms in the flight capital program: H. Sturzenegger & Cie., Rochling & Co., Johann Wehrli and Company, Bank Wadenswil, Basler Handelsbank, and Kreditanstalt. However, all major Swiss banks were serving the Germans in the massive movement of funds. The big German banks, Deutsche, Dresdner, and Commerzbank, all had their regular Swiss affiliations through which

they worked. Deutsche had as its principal connection Credit Suisse, and also did business with the Swiss Bank Corporation and the Banque Federale. Funds transferred from Berlin for a client list approved by Bormann went into numbered accounts, and were either held there for local investment or soon shifted to neutral nations elsewhere in Europe or overseas, to be credited to the accounts of appropriate German corporate subsidiaries, or else to entirely new corporations awaiting these start-up monies that would enable them to go into business using German patents. As these new corporations prospered, they generated more money and profits, becoming important elements in the Bormann global economic scheme.

Seven hundred and fifty new corporations were established in the last months of the war under the direction of Reichsleiter Bormann, using the technique perfected by Hermann Schmitz.

A national of each country was the nominal head of each corporate structure and the board was a mix of German administrators and bank officials, while the staffing at senior and middle management levels was comprised of German scientists and technicians. In the background were the shadowy owners of the corporation, those Germans who possessed the bearer bonds as proof of stock ownership. The establishment of such companies, usually launched in industries requiring high technical skills, was welcomed in Spain and Argentina, to give two examples, because those governments appreciated that German companies would generate jobs and implement a more favorable balance of trade. Country by country, a breakdown by U.S. Treasury investigators of these new 750 German firms was as follows: Portugal, 58; Spain, 1 12; Sweden, 2 33; Switzerland, 214; Turkey, 35; Argentina, 98.

Gold always held a great attraction for Martin Bormann, as it did for all German bankers and economic leaders of the Third Reich. In fiscal conferences during the occupation years, in Brussels, Paris, and Amsterdam, the German economic specialists would always advocate more printing of local currencies by the state treasury. But when it came to safeguarding their own means, it was gold, always. Perhaps it was a subconscious holdover from the early 1920s when the currency of the

Weimar Republic had become virtually worthless. In 1943, when Bormann was sitting tall in the saddle as Hitler's right hand and as leader of the Nazi Party throughout the world, as well as chairman of his own banking committee, which oversaw the banking practices of every bank in Germany and the greater Third Reich, the Reichsleiter made sure that gold bullion was drawn into the vaults of the Reichsbank and of the three big commercial banks in Berlin. The gold, whatever its origin, would be stamped with Third Reich seals and periodically sold to leading Swiss banks, as well as to the Swiss National Bank. These banks purchased several hundred million dollars of such gold, paying in Swiss francs, which the Germans preferred at this point. The money was then left on deposit in various numbered accounts to be invested in Switzerland and in other neutral countries, and ultimately to maintain the Bormann party apparatus abroad.

These banking channels aside, Martin Bormann had other ways to disperse German assets outside of the Third Reich. The diplomatic pouches of Joachim von Ribbentrop's Foreign Ministry were used to transport gold, Amsterdam diamonds, bearer bonds, and U.S. stocks purchased over the years in large American corporations. A Foreign Ministry special courier went twice monthly to Stockholm, where the gold and diamonds he carried were sold for kroner currency and then invested in Swedish firms. A similar pattern was developed for South America, where deposits were made in the Buenos Aires branch of Deutsche Bank. Many individual Nazis, with Bormann's permission, transferred their own assets. Von Ribbentrop in one shipment banked $1 million, allegedly using an Argentinian intermediary named Pedro Rodrigues Panchino as his five percenter, according to the French newspaper, *France-Soir,* in its edition of February 10, 1945. The hangman claimed von Ribbentrop at Nuremberg. So the throwaway question is whether the Argentinian kept the money in his own name or it was turned over to Bormann's account. I would think the latter, for one doesn't fool with SS men charged with guarding such sums on behalf of the NSDAP in exile. Others wanting large deposits in Portugal or Spain would first ship gold to Switzerland, order it sold, then have a check or bank draft sent to Madrid or Lisbon in care of their money agent, where it would be deposited and then claimed at the end of the war.

Turkey, too, did a brisk business in gold and other assets. The week when three German armies were attacking in the Ardennes, German assets in Turkey on the record totaled $30 million, and the Turkish-German clearing account was $1 5.7 million in favor of the German government. Neither figure tells the whole story of Nazi resources in Turkey. Two branches of German banks, the Deutsche Istanbul and the Deutsche Orient (a branch of the Dresdner Bank), were depositories for a steady flow of bonds, cash, gold, bank deposits, and foreign exchange belonging to German firms and individuals. In Turkey, as in other neutrals, the Germans had also been able to achieve a safe haven for their money, by preventing the normal repatriation of foreign earnings. For example, both major German banks had a policy approved by Bormann of accumulating in Turkey all annual profits of the war years, rather than returning the money to Berlin. It just piled up as a bookkeeping item ready for transfer to South America or investment in Turkish business and commerce. Six big German insurance companies with branches in Turkey followed the same policy. Further, they followed a policy of linking Turkish insurance companies to their own operations by granting readily available German capital in return for stock considerations. Thus, these insurance firms generated large fluid assets that they invested in real estate and other properties. More than sixty German-controlled firms were the linchpin of the Turkish economy, and ran the gamut from construction to chemicals. In 1944 gold trading grew very active, with Deutsche Bank selling $5.5 million in gold coins for clients.

When in 1944 Turkey severed diplomatic relations with the Third Reich, joining the Allies in 1945, just four months before German surrender, there was no blocking of German assets. Thus, the two German banks in Turkey were enabled to transfer millions to their branches in Spain and Argentina. The German firms that had taken on a Turkish coloration of ownership were to be reclaimed by their German owners after the war.

Throughout this period of asset transfer, Reichsleiter Bor-mann’s goal was to have as much foreign exchange as possible in position in all neutral nations in both hemispheres. Aside from the Swiss banks, which made all currencies readily available in exchange for goods, trade, or gold bullion sales, the export of German products to neutral nations added to the general foreign exchange funds. Upon receipt of German goods, an agency in

Spain-for example, the Spanish Foreign Exchange Institute-would credit pesetas to a German-controlled import-export company. With such funds accumulating rapidly in Spain, Portugal, Sweden, Switzerland, and Argentina, Bormann and his group, who were handling the fortunes of 750 new corporations, would use these corporations in neutral countries as cloaks for investing in American companies. Bormann always had a high regard for U.S. blue chip stocks as a stable investment, consistently purchasing a vast number of shares from the European offices of such New York stock brokerage houses as Merrill, Lynch on behalf of the Reich chancellery and Hitler, until war became official between the United States and Germany and the buying stopped, for a time.

In 1941, investments in U.S. corporations by German companies and assorted German individuals held voting ownership in 170; minority ownership was held in another 108 American companies. These businesses covered the following fields: manufacturing (foodstuffs, chemicals, electrical and automobile equipment, machinery and machine equipment, other metal products); petroleum production, refining and distribution; finance; trade; and miscellaneous.

American industry, of course, had a financial stake in German industry. In the same year, 1941, 171 U.S. corporations had major investments in German firms amounting to $420 million. A listing of these corporations is identical to the general categories under German ownership in the United States.

When Bormann gave the order for his representatives to resume purchases of American corporate stocks, it was usually done through the neutral countries of Switzerland and Argentina. From foreign exchange funds on deposit in Swiss banks and in Deutsche Sudamerikanische Bank, the Buenos Aires branch of Deutsche Bank, large demand deposits were placed in the principal money-center banks of New York City: National City (now Citibank), Chase (now Chase Manhattan N.A.), Manufacturers and Hanover (now Manufacturers Hanover Trust), Morgan Guaranty, and Irving Trust. Such deposits are interest-free and the banks can invest this money as they wish, thus turning tidy profits for themselves. In return, they provide reasonable services such as the purchase of stocks and transfer or payment

of money on demand by customers of Deutsche Bank, such as representatives of the Bormann business organizations and Martin Bormann himself, who has demand accounts in three New York City banks. They continue to do so. The German investment in American corporations from these sources exceeded $5 billion and made the Bormann economic structure a web of power and influence. The two German-owned banks of Spain, Banco Aleman Transatlantico (now named Banco Comercial Transatlantico), and Banco Germanico de la America del Sur, S.A., a subsidiary of Deutsche Bank, served to channel German money from Spain to South America, where further investments were made.

Argentina was the mecca for such money in the Western Hemisphere, and when Bormann gave the go-ahead in his overall flight capital program after the decisions at Strasbourg, over $6 billion of this money flowed into Buenos Aires for investment there and elsewhere in Latin America. The investments covered factories, hotels, resorts, cattle, banks, land, sugar and coffee plantations, metallurgy, insurance, electrical products, construction, and communications. It was much the same investment spectrum as established in Spain. West German investments today account for nearly 45 percent of all foreign investments in Spain.

Before D-Day four Paris banks, Worms et Cie., Banque de Paris et des Pays-Bas, Banque de l'lndochine (now with "et de Suez" added to its name), and Banque Nationale pour le Commerce et l'lndustrie (now Banque Nationale de Paris), were used by Bormann to siphon NSDAP and other German money in France to their bank branches in the colonies, where it was safeguarded and invested for its German ownership.

In addition to overseeing his 750 new corporations, Martin Bormann was also kept apprised of I.G. Farben's activities in neutral countries, as well as the intensified activities of other major firms that were utilizing the new Bormann policy of transferring Third Reich money to subsidiaries. Farben had eight subsidiaries in Argentina, three in Portugal, four in Sweden, six in Switzerland, and fourteen in Spain. A.E.G., the giant electrical equipment manufacturer, had six subsidiaries in Argentina, three affiliates in Spain, and four in Sweden. In brief, every major German corporation with an

international operation strengthened its branches, subsidiaries, and affiliates with an influx of new money and talent that included scientists and technicians arriving weekly ready to perform laboratory research in Spain and Buenos Aires.

Early in January 1945 Adolf Hitler and Martin Bormann, in company with the rest of their headquarters staff, left the Ardennes sector and traveled back to Berlin. On January 12 Stalin launched his Soviet winter offensive. The Fuehrer was in his main office in the chancellery, Bormann just adjacent. A briefing on the battle in the East given by General Heinz Guderian had been concluded. It had been a stormy session, in which Guderian was pessimistic about holding, and strongly urged that German forces fall back. Hitler resisted this suggestion with anger. Afterward, Reichsleiter Bormann was visited in his own office by Heinrich Mueller, SS chief group leader and senior general of the Waffen SS. As Bormann was skillful in administration and world fiscal affairs, Mueller was equally tops in his own area of competence, secret state police affairs. He told Bormann that Ernst Kaltenbrunner, chief of the Gestapo and an SS general, had gathered a small personal treasure and was sending it by armed SS convoy to a hideaway. Mueller handed to Bormann the listing, which read as follows: 50 kilograms of gold bars, 50 cases of gold coins and gold watches, 2 million American dollars, 2 million Swiss francs, five cases filled with diamonds and other precious stones, one stamp collection worth 5 million gold marks.

“Well,” Bormann commented, “Ernst is still looking out for Ernst. It doesn’t mean much to the big picture. But find out where he has it taken. When it’s buried, and it will probably be in an Austrian lake close to his home, we might want one of our party gauleiters to watch over it. Kaltenbrunner may never last the war out, and it would be useful to the party later.”

Mueller stood at attention, nodded, and left the office.

Kaltenbrunner finished the war out but never made it to his treasure. He did receive a report from his aide that it was secure, sunk deep in waterproof containers in Ausee Lake, but he was one of the ten convicted and executed in the prison gymnasium at Nuremberg.

Field Marshal Kesselring, during his retreat in Italy, before surrendering his 1-million-man force to the Allies, ordered $4.8 million in assorted valuables sunk in the waters around Verona. He wanted it safely out of the grasp of Italian communist partisans.

Corsica was held by German and Italian troops in the summer of 1943. The coastal areas, that is, and the principal cities—the capital of the island, Ajaccio, with its 25,000 people living around the bay, Bastia and its bay likewise ringed with people, and the coastal regions. But despite the armed might of the Axis troops, the Corsicans controlled the inland mountainous region, where hardly a road existed. The rugged dwellers had footpaths and trails throughout the wild interior, and they had the patience and wily wisdom of their forebears. They knew that in time the Germans and Italians would depart, as had the Romans and the Vandals, the Visigoths, the Saracens, the Genoese, and the French. Through the centuries, Corsicans had engaged in trade with their invaders. They did so now with the Germans and Italians, and would soon be doing likewise with the Americans and British and Free French who were to come.

The Germans and Italians were making preparations to leave, and were watched, as always, by members of the Unione Corse, the ancient secret organization whose tentacles spread to Marseilles and through the underworld of Europe. They watched at the Bay of Bastia during the month of September as German E-boats and frogmen searched the bottom of the bay for a treasure they were unable to locate.

The Germans were searching for a shipment of gold bullion, diamonds, jewelry, and currencies, which had been sealed in six lead containers and placed aboard an E-boat at Tripoli earlier in 1943. It was loot of North Africa, valued at an estimated $150 million, and had been collected by a special unit sent from Berlin by Reichsleiter Martin Bormann, to add to the Reich chancellery fund of the NSDAP. As the Afrika Korps retreated under the ferocious onslaught of the British Eighth Army, the treasure had been packed up and shipped out of Tripoli. This port in Libya was especially striking because of the waterfront facade built by Italian stonemasons. The E-boat, under command of officer Hauptmann Dahl, moved out of Tripoli harbor at high speed, then was lost from view in the Mediterranean’s dark

blue. On the water to Italy, Hauptmann Dahl was ordered from Rome to head for Corsica with the sealed treasure; he was to join a German naval convoy off Bastia, which would then steam north to German naval headquarters at La Spezia, in northern Italy. There they were to unload the consignment and take it by truck to Milano, where it would go by train over the Alps to Germany and on to Berlin. Dahl had made it to the coast of Corsica but before he could join the convoy an Allied air attack dispersed the German and Italian ships, sinking several. Steering a course along the shoreline was all that he could do; Dahl didn't dare to venture ashore because on this night he could see a firefight in progress between German troops and guerillas. He had headed for the estuary of Golo and there, about four kilometers off the port of Bastia, unloaded the six lead containers, as a safekeeping measure. He ordered his officers and crewmen to drop the cargo overboard, which they did —in about 20 fathoms of water. Marking the spot in triangular fashion with two land bearings he headed north to Italy. He had reached La Spezia and reported his action to the German naval command. Rather than being commended for his foresight, he, along with three officers, was held for court-martial in the barracks of Massa, below La Spezia. The officers were shot and the seamen, judged as only carrying out orders, were sent off to the Russian front.

For the next month, on instructions from La Spezia, the German naval command on Corsica searched for the heavy containers in the waters and soft sand off Bastia Bay. But on October 4, under Allied pressure, the Germans withdrew from the island, after blowing up the ancient, narrow stone bridges on the eastern end. Within two days the streets of Ajaccio, with its statue of Napoleon, were filled with men wearing the uniforms of the United States, Britain, and the Free French. The bays of Ajaccio and Bastia filled with freighters, supply ships, tenders, gray destroyers, and troop transports. Inland, glades, meadows, rocks, and trees were bulldozed away to create an airfield, from which flew American and British fighter planes and DC-3 transports.

The Unione Corse waited through this desecration with the traditional patience of a patriarchal crime family. When the hubbub was over, and all was serene again, the waters would be theirs and theirs alone to explore. Peace, of course, did come to Corsica, and divers of the Unione Corse tried

and tried but failed to locate the looted treasure of North Africa. Occasionally, venturesome strangers would arrive to explore, having heard rumors of Nazi booty. In one way or another, all were discouraged. Four disappeared one night. An Andre Mattei was found dead, riddled with bullets, after he had had too much to say about the location of the six containers. Then appeared Peter Fleig, one of the German sailors of the original E-boat, who had helped shove the containers into the water that night back in September 1943. He had survived the war in Russia, spent a year or so in a military hospital recovering from wounds, and then made it to Corsica. The vision that had sustained him through Russia and convalescence was that of finding again this wealth. While diving for it he was warned off by the Unione Corse, a warning he paid no attention to. He vanished.

This legend of World War II continues to attract the adventurous. Even Edwin Link, American businessman and inventor of the Link Trainer of World War II, who later pioneered underwater vehicles for oceanographic exploration, mounted an expedition in the spring of 1963 to search for the treasure that had been intended for Martin Bormann. Like the others, Link, too, failed.

In the final days of any war, grabbing and looting are commonplace. Martin Bormann, however, was wrapped up in the dispersal of several billion dollars in assets around the globe. He dwelled on control of the 750 corporations; he had utilized every known legal device to disguise their ownership and their patterns of operation: use of nominees, option agreements, pool agreements, endorsements in blank, escrow deposits, pledges, collateral loans, rights of first refusal, management contracts, service contracts, patent agreements, cartels, and withholding procedures. Detailed documents and other papers on each company and on all money transferred from the Third Reich to outside subsidiaries of the German corporations participating in the flight capital program, had been maintained. As goals were achieved, the papers were deposited in Swiss banks. A copy of everything, including field reports, went to Bormann as part of the historic file that would be crated and trucked out of Berlin to Munich, flown to Spain, and then transshipped to the Bormann archives in South America.

Hermann Goering, like Ernst Kaltenbrunner, got caught up in the looting frenzy of the waning days of the war. Art treasures were Goering's passion, and he had filled his mansion, Karinhall, with priceless specimens taken from national collections in almost every city of the occupied world. As the Allied forces closed in on the Nazis, he had most of these stored in cool salt mines to protect them from bombs and the weather. He was shrewd enough to realize that such masters could be readily identified and returned to their rightful owners. He possessed several of the better paintings from the Rothschild collection in France. Almost certainly they would find their way back to Baron Rothschild. Still, he realized that certain art treasures not so easily identifiable have great economic value; if sold in a neutral country, they could provide a handsome source of foreign exchange, providing one was able to collect it after the war.

Goering instructed a friend in Holland, Alois Miedel, a German art dealer who had become owner of the Goudstikker Galleries in Amsterdam after the occupation in 1940, to begin collecting works of art that could be readily turned into cash in Spain. Miedel began with excellent Dutch paintings, by early as well as by later great masters. Usually he paid for them in German marks that had been pumped into the Dutch, Belgian, and French currency systems-but on occasion with Dutch "occupation" guilders. He seized outright art belonging to Jewish owners. He took his first big shipment in a Luftwaffe plane to Bilbao, a free port in Spain. Among the valuable paintings he offered for sale were works by Rembrandt, Van Dyck, Rubens, Jan Steen, and Cranach. The Prado in Madrid offered 2 million pesetas for one of these. They purchased others more cheaply, at prices ranging from 100,000 to 500,000 pesetas. British and American diplomats in Madrid, who were likewise amateur collectors, identified ten in the Prado looted from Holland as belonging to the Goudstikker collection, one to the Van Oalst collection, and one to the Valkenburg collection. Eventually, some were returned to their owners. The money paid to Alois Miedel was banked in an account jointly controlled by himself and Goering.

Miedel was a very busy man during the last stage of the war, and for a time was the most important art dealer in Europe. He brought a shipment of art treasures from France, with Goering's assistance, and for their sale in Spain published a catalogue of 200 pictures. Art stolen from Italy was

appearing in Stockholm and in the galleries of Geneva, Basel, and Zurich. The value of paintings and objects of art looted from Holland, Belgium, and France totaled over $1.5 billion. Holland alone accounted for 200 million guilders or $136 million. Aside from Hermann Goering, Joseph Goebbels and Joachim von Ribbentrop were recipients of stolen art. While Alois Miedel was Goering's personal art hunter, Dr. Hans Wendland in France and Andreas Hofer, a Berlin art dealer, were also extremely active in the business.

In December 1944 the Spanish government issued an order for the arrest of Alois Miedel, but he had already been seized by the Maquis on the French side of the border. Miedel escaped, made his way back to Spain, then with German assistance disappeared. He showed up later in Buenos Aires, whence his funds had been transferred, and to demonstrate that all art lovers were not in Spain, Sweden, or Switzerland, the paintings he had with foresight shipped to Buenos Aires were soon gracing many fine homes there.

In London and Washington there was grave concern about the German flight capital. Officials of both Allied governments knew in a general way what was going on, but not until they had laboriously compiled a card index of 500,000 names of businessmen in both hemispheres, northern and southern, who were working for the Germans, did they realize the magnitude of the task ahead. This list showed only the tip of the iceberg; many, many people were willing to be profitably employed by the Germans. It was early 1945, and Bormann was moving forward full speed. The various departments of the two Allied governments—U.S. Department of State and Treasury Department, British Ministry of Economic Warfare, together with General Donovan's OSS and General Menzies' MI-6—realized only too well that they would have to come up with a substantial counteroffensive to checkmate Martin Bormann's economic blitzkrieg. Bormann's group was lean and mean, a prototype of what Admiral Turner in 1977 was to hope aloud that his CIA might one day become.

Orvis A. Schmidt, director of Foreign Funds Control of the U.S. Treasury Department, shook his head when he described the German flight capital operation in 1945:

“The network of trade, industrial, and cartel organizations has been streamlined and intermeshed, not only organizationally but also by what has been officially described as ‘personnel union.’ Legal authority to operate this organizational machinery has been vested in the concerns that have majority capacity in the key industries, such as those producing iron and steel, coal, and basic chemicals. These concerns have been deliberately welded together by exchanges of stock to the point where a handful of men can make policy and other decisions that affect us all.”

This highly developed control that blanketed Germany from top to bottom also functioned outside of the Third Reich and was a vital key to the success of the Bormann program. The great civil service bureaucracy within Germany never for a moment doubted that there would be a German revival, and they had been trained like those in industry to follow a pattern that would advance the interests of their country. In the first week of occupation by the Allies after the surrender, when Allied military government representatives went to the Ruhr factories, they were always met by handpicked Germans, frequently engineers, speaking English and prepared with credentials to prove their acquaintance with reputable citizens and corporations in the United States. They had already begun to rehabilitate the bombed factories. The destruction of I.G. Farben plants was relatively light. As German I.G. technicians streamed from the battlefronts back to their hometowns and went to work, it was estimated that production could reach 90 percent of capacity in three months, given adequate supplies of labor, fuel, power, and raw materials. War damage to the other industrial firms had also been greatly exaggerated by Allied wartime air intelligence. The amount of capacity knocked out by bombing and shelling was less than that which the Germans had built during the war, so that Germany found herself somewhat ahead of her prewar capacity. For a time the Allies threatened to dismantle heavy factories and ship them to neighboring countries. But they would have been useless additions, and this factor, together with a growing distrust of Russia by the American and British governments, produced a change in outlook. Germany, with $1.5 billion from the Marshall Plan, would soon find herself with the same well-rounded industrial structure as before the war.

But what really hexed officials in Fondon and Washington, whose job it was to stop the flow of liquid assets out of Germany, was their inability to get a handle on the problem. Everything was moving too fast. At all key points this economic empire was staffed by reliable party men, who were also expert businessmen. They in turn guided and worked with the nationals of each neutral country, who could be counted on to follow the same pattern of contributing to the best interests of Germany and German business corporations. In the formerly occupied countries, when ownership of a corporation was turned over to an appointee it was a legal fact, but there was simultaneously the handshake and the oral understanding that within five years ownership would revert to the German. Bormann believed that five years was a sensible time limit. He knew from his own intelligence sources that Russia would take over eleven nations along the eastern frontier, including the eastern part of Germany, and that this would disenchant the British and the Americans. This, and the truth that man's memory is shortlived, guaranteed an altered Allied attitude.

But all this speculation was for the near future; Bormann dealt with the present from his offices in Hitler's headquarters. When he gave directions they were followed in Latin America. At the time Orvis A. Schmidt of the U.S. Treasury Department declared :

"The great German combines were the spearheads of economic penetration in the other American republics. In the field of drugs and pharmaceuticals the Bayer, Merck, and Schering companies enjoyed a virtual monopoly. I.G. Farben subsidiaries had a firm hold on the dye and chemical market. German enterprises such as Tubos Mannesmann, Ferrostaal, A.E.G., and Siemens-Schuckert played a dominant role in the construction, electrical, and engineering fields. Shipping companies and, in some areas, German airlines, were well entrenched. In addition, other and newer pro-German firms were engaged in miscellaneous types of business, some of which were partly or wholly owned by Germans and some of which were wholly owned by persons of German origin, who, without changing their inborn allegiance, had acquired citizenship in one of the American republics."

The U.S. Treasury Department thought it might be possible to supersede these German firms with a replacement program of its own, in which local industry would be fostered, with U.S. corporations encouraged to expand into these markets. But the obstacles were too great. In some Latin American countries German capital represented a large segment of the total business investment and in some important industries there was nothing to replace such German corporations, which had been profitmaking concerns for some years; the I.G. Farbens and Siemens. Part of the new corporate move to Latin America was represented by Fritz Mandl, the armament manufacturer of the Ruhr, who invested heavily in an Argentine government program to expand its armaments industry. The two largest German firms, Thyssen Lametal, S.A., Industrial y Mercantil, and La Sociedad Tubos Mannesmann, received German financing under the capital made available for export by Martin Bormann. They were also able to employ large numbers of German scientists and technicians who had been moved out of Germany in 1944. There was also the important German insurance firm of El Fenix Sudamericano Cia. de Reaseguros, S.A., an affiliate of the Munich Reinsurance Company. All South American big business came to depend on El Fenix as the principal reinsurers of commerce and industry in Latin America.

Not so important but curiously interesting was the establishment of the small textile firm of Denubio, with a capitalization of 2 million pesos in Argentina. In 1944, while serving as German army chief of staff in Berlin, General Heinz Guderian received permission from Reichsleiter Bormann to establish this firm in association with a partner, Count Galeazzo Ciano, Mussolini's son-in-law and Italian foreign minister to the Third Reich. The granting of such permission also entitled the famed Panzer general to the use and transfer of Nazi state funds to Argentina for this corporate purpose. When Orvis A. Schmidt suggested that some Latin American business enterprises alter their management to exclude all Germans, the chief executive officer of such a company would frequently claim non-German ownership, which made it necessary for a U.S. Treasury team to trace laboriously the ownership through a maze of dummies and holding companies. There was also the feeling of the U.S. administration that to proceed fully with such an elimination program in Latin America was to

open up the serious question of whether the United States had the constitutional authority to take such action.

Recently in Washington, D.C., I spoke with two lawyers, both of whom had worked with Orvis A. Schmidt, now deceased. As the director of Foreign Funds Control of the U.S. Treasury Department during the latter part of the war, Schmidt was the U.S. official directly responsible for stopping the German flow of assets to safe havens; he had been in a position to destroy the Bormann intention of establishing economic strong-points from which German businessmen could launch their postwar commercial campaigns after the war.

One of these lawyers was Elting Arnold. He told me that Foreign Funds Control had been the think tank for Henry Morgenthau, secretary of the treasury, and that it was composed of brilliant young men dedicated to high principles and the freezing of enemy assets in wartime. Arnold described Schmidt as a "tenacious, observant man, a man of sincerity and great character. . . . He was large and barrel-chested, quiet-spoken but possessed of a sense of mission." Following World War II, Orvis Schmidt went to the International Bank for Reconstruction, serving there until the time of his death.

From the second attorney, John Pehle, I learned why Schmidt and Foreign Funds Control had been unable to stop the German program of flight capital to neutral nations. John Pehle, an urbane and distinguished looking man who is today counsel to the law firm of Morgan, Lewis, and Bockies, had been the original director of Foreign Funds Control in the U.S. Treasury Department, with Orvis Schmidt serving as his deputy director.

Pehle said, "The main mission of Foreign Funds Control, which began on April 8, 1940, after Norway and Denmark were invaded, was to freeze the assets of these countries in the United States so they could not be used by the Third Reich. As other countries were occupied, our activities expanded until we had all assets of Germany, Japan, and all occupied countries frozen, which amounted to many billions of dollars. We also attempted to reach outside the United States to control the assets and trade of Germany and Japan by establishing, with Britain, a blacklist of firms and businessmen doing business with Germany. There were no computers in

those days and we kept some 500,000 names on Rolodex files. It was cumbersome and slow."

Mr. Pehle believes his department of several hundred did a fine job of controlling foreign assets in the United States. Of course, "there was always political pressure to free some company or other from our strictures. The infamous IT&T deal in which they sold their telephone company in Romania to the Romanian government and were paid the $7 million in the U.S. which represented Romanian frozen currency, is a testimony to backstairs influence. However, I am glad to say it didn't happen again."

Pehle described the U.S. Treasury Department as an interesting place to be. "We had bright men. Lend-Lease was conceived in the Treasury."

But perhaps Pehle put his finger on the reason why U.S. Foreign Funds Control was unable to interdict the German drive to move assets to neutral nations.

"In 1944 emphasis in Washington shifted from overseas fiscal controls to assistance to Jewish war refugees. On presidential order I was made executive director of the War Refugee Board in January 1944. Orvis Schmidt became director of Foreign Funds Control. Some of the manpower he had was transferred, and while the Germans evidently were doing their best to avoid Allied seizure of assets, we were doing our best to extricate as many Jews as possible from Europe.',

One project of Mr. Pehle's War Refugee Board was an order to rescue as many Jews as possible from Budapest. The U.S. board could not intervene directly and so it asked the Swedish government if it would send a Swedish representative to Hungary, where 900,000 Jews, the last large remaining Jewish population, awaited either extinction or rescue. Sweden agreed and dispatched Raoul Wallenberg, who traveled to Budapest with huge sums of U.S. Treasury money and Swedish diplomatic papers, which were to provide freedom of travel to Sweden for a subsequent stream of 90,000 Jewish refugees. But when Budapest fell to Soviet troops, Wallenberg became a prisoner of the Russians and was shipped to Moscow.

Many believe that Wallenberg has spent the last thirty years in Soviet prisons. Russia has denied the capture and imprisonment of Wallenberg. But the case remains open. In May of 1980 the "Free Raoul Wallenberg Committee," largely composed of influential Swedish and American Jews, held an international hearing in Stockholm to focus new attention on this case. They wanted to induce the Soviet Union to produce this man, whom Einstein recommended for the Nobel Peace Prize in 1949 for efforts in Budapest on behalf of Balkan Jews and the American War Refugee Board operating under the direction of John Pehle.

The two objectives were diametrically opposed. Certainly in his power position Reichsleiter Martin Bormann from 1944 to the end of the war was moving with all possible speed to shift all moveable assets out of the greater Third Reich. He was untroubled by the humanitarian considerations holding Washington in their sway. For him it was a go-for-broke operation all the way. Even today, however, there are U.S. Treasury old-timers of World War II still not aware of the magnitude of the Bormann operation and of its success. Those who know, in Washington, in South America, and in the capitals of Europe, are locked together in a conspiracy of silence that has endured for thirty-seven years until the publication of this book.

In this silent contest during the winddown years of World War II, Orvis A. Schmidt was not to emerge victor over Martin Bormann, although he tried. Tirelessly, he told assorted Senate committees what was happening, spoke of the extent of the German plan, and urged a new dedication to stopping the flight capital blitzkrieg, with the prescient warning, "It is these new concentrations of economic power which will enable Germany to rise again."

Orvis A. Schmidt felt that he was a man crying in the wilderness as he gave testimony before Senate committees. The mood of the country and the marketplace was similar: get our boys home and get on with the business of making money and building new homes and stabilizing the economy for the bumper crop of babies which was sure to come. When Orvis Schmidt told the Senators the extent of German economic infiltration into the foreign countries even before VE-day and that the Germans intended to preserve this vast hidden economic structure in order to rise again, he knew

instinctively that he had failed to catch the interest of the American lawmakers. Schmidt testified:

The danger does not lie so much in the fact that the German industrial giants have honeycombed the neutrals, Turkey and Argentina, with branches and affiliates which know how to subvert their commercial interests to the espionage and sabotage demands of their government. It is important and dangerous, however, that many of these branches, subsidiaries, and affiliates in the neutrals and much of the cash, securities, patents, contracts and so forth, are ostensibly owned through the medium of secret numbered accounts or rubric accounts, trusts, loans, holding companies, bearer shares, and the like by dummy persons and companies claiming neutral nationality and all of the alleged protection and privileges arising from such identities. The real problem is to break the veil of secrecy and reach and eliminate the German ability to finance another world war. We must render useless the devices and cloaks which have been employed to hide German assets.

Schmidt noted the facts that A.E.G. had six subsidiaries in Argentina, one in Portugal, two in Spain, three in Sweden; Siemen-Schuckert-Werke A.G. with seven subsidiaries in Argentina, two each in Portugal and Sweden, four in Spain, and five in Switzerland, and that Vereinigte Stahlwerke had seven subsidiaries in Argentina, three affiliates in Spain, and four in Sweden—and so on almost ad infinitum. He was to save perhaps his best shot for I.G. Farben when he testified before a U.S. Senate committee:

“We have found an I.G. Farben list of its own companies abroad and at home-a secret list hitherto unknown—which names over 700 companies in which I.G. Farben has an interest,” and this did not include their regular corporate structure in 93 countries or the 750 companies established under the Martin Bormann program.

He also recited the discovery of his former chief, John Pehle, now directing the War Refugee Board at the request of President Roosevelt. I.G. Farben, at the insistence of Himmler and for related political reasons, had built a vast industrial establishment at Auschwitz to manufacture synthetic oil and rubber. Himmler promised Farben officials an unending supply of Jews in

the 300,000 population concentration camp to work I.G. Farben Auschwitz. But even Friedrich Flick and other Ruhr industrialists who were themselves utilizing supplies of slave labor in their factories to the west knew production could only be maintained with well-fed workers, not emaciated, walking skeletons as at Auschwitz. It was I.G. Farben's greatest failure. Despite a plant which used more electricity than the city of Berlin, an investment of 900 million Reichsmarks, and 25,000 inmates who were worked until they dropped dead, not a single pound of Buna rubber was ever produced. It was the last time that political considerations would influence business judgment in the establishment of a factory, decreed the I.G. Farben board of directors.

Orvis Schmidt also testified that when they questioned the top Farben people about their wartime activities,

. . . They were inclined to be very indignant. Their general attitude and expectations was that the war was over and we ought now to be assisting them in helping to get I.G. Farben and German industry back on its feet. Some of them have outwardly said that this questioning and investigation was, in their estimation, only a phenomenon of short duration, because as soon as things got a little settled they would expect their friends in the United States and England to be coming over. Their friends, so they said, would put a stop to activities such as these investigations and would see that they got the treatment which they regarded as proper and that assistance would be given to them to help reestablish their industry.

As the war came to a close, all major American industries felt that they would like to see the German money machine working again. Every U.S. company of consequence had its representative in uniform, as technical advisor or officer, as did the British. As Allied armies moved through France, Belgium, and the Lowlands, corporate executives took time out to check the status of their branch firms. The changing tone seemed auspicious to Martin Bormann.

In all lands liberated by American and British armies, there was a reluctance to disturb the machinery of money and industry that had been shaped by German economic experts into cartels and interlocking business

arrangements with German firms. The obvious inequities and seizures were adjusted. The paintings taken from the Rothschilds were returned, as was the family bank. Firms and newspapers that had been too blatantly Nazi changed hands or were closed down. The German presence was reduced, but not eliminated; the device of cloaked ownership insured a continuation of proprietory rights. It all added up to a new chapter in the adventures of the U.S. Army investigative teams. Grim idealists when they entered the liberated countries, they soon learned that, once free, each government haughtily insisted on making its own decisions without advice from the Americans.

Even Grand Duchess Charlotte of Luxembourg had her own ideas, and they didn't jibe with those of the U.S. investigative team dispatched to her tiny country to set things right. Upon her return from exile in London and Montreal, she promptly dismissed the U.S. investigative mission, which had been attempting to uncover secrets of the German-Luxembourg steel cartel. Elbert D. Thomas of Utah, when he was chairman of the U.S. Senate subcommittee on military affairs, commented in Washington on June 26, 1945:

We had a mission in Luxembourg which was obtaining quite a bit of information on the steel cartel until the Grand Duchess returned. Information was then blocked off from us and the mission had to retire with what information they had already collected. There was much to learn about the way in which small states like Luxembourg had been used by the cartels. The episode suggests that some rulers, whom we have befriended, may be expected to assist the cartelists in their postwar efforts to regain dominance.

What the grand duchess learned from her finance minister on her return to Luxembourg was simple: "Don't tamper with the money machine. We made record profits during the German era, and there is every indication we will be going into an even greater period of prosperity, once Germany recovers. They will then continue to be our biggest customer. All that is required now is a readjustment in stock ownership to please Belgian, French, British, and American shareholders, which will be done." Open German stock ownership was reduced to its former position of about 20 percent in

Luxembourg industry and the German trustee was eliminated. But at board meetings, Belgian and French banks voted as blocs on behalf of stockholders in Germany. The German voice in the wings was still there, and as time went on in Luxembourg, increasingly the voice could be heard loud and clear-the customer speaking to the seller, the equalizer of the marketplace. Grand Duchess Charlotte, who was to retire during the sixties to be succeeded by her son, Grand Duke Jean, always believed that the new prosperity of Luxembourg after the war was testimony to her decision in 1945 not to permit interference with the German financial and industrial apparatus. The German banks, Deutsche and Dresdner, remained in position and the Luxembourg financial community continued to look to Frankfurt rather than to Zurich, London, and New York for financial guidance. ARBED (its sales organization in New York City is Amerlux Products) continues as a powerful and prosperous steel cartel closely tied to its German mentors. By 1980 Luxembourg was to become a new center for gold buying in Europe, with West German banks selling the equivalent of $1.4 billion in gold to holders in Luxembourg. The chief attraction was the lack of a value-added tax, a form of sales tax. The tiny principality also became the European finance center for the KGB and its espionage operations on the continent.

But on February 25, 1946, Russell A. Nixon, when acting director, Division of Investigation of Cartels and External Assets in the U.S. military government in Germany, was to sum up the entire problem facing those investigative teams in their efforts to check and change the economic web woven to confuse the Allies. He was to tell a Senate subcommittee in Washington:

We have not yet, nine months after the war has ended, developed an effective drive for these assets. If you will go through the neutral countries, country by country, you will find that they have not accepted the sovereignty of the four powers in getting the assets. They are not turning the assets over. Such progress as we have made has been very partial and generally ineffective. Generally speaking, in spite of the efforts that have been made, at the present time there is a continuation of the dissipation and further concealment of these assets throughout all the neutral countries.

Powerful friends of the Bormann organization in all Western countries, including those sprinkled in control points throughout the administration in Washington and in the financial and brokerage businesses of Wall Street, the City of London, and the Paris establishment, did not wish a coordinated drive to get at these external German assets. They had understandable reasons, if you overlook morality: the financial benefits for cooperation (collaboration had become an old-hat term with the war winding down) were very enticing, depending on one's importance and ability to be of service to the organization and the 750 corporations they were secretly manipulating, to say nothing of the known multinationals such as I.G. Farben, Thyssen A.G., and Siemens; and, as a second reason, the philosophy of free enterprise and preservation of private property.

This latter reason was expressed best at an appeals board hearing in the American Zone of Germany. The board was to vote four-to-one in late 1945 to release from prison Richard Freudenberg, the largest leather and shoe manufacturer in Germany. In 1944 his personal income for the year was one million marks. Freudenberg was also a war economy leader and a regional economic advisor to Reichsleiter Bormann. He had been jailed as an active Nazi under the mandatory arrest category regulation, and the vote to release him also permitted him to return to management of his company. The argument for freedom, which was to become a landmark for occupation authorities, was expressed by Mr. Reinhard, representing Ambassador Robert Murphy:

"What-we are doing here through denazification is nothing less than a social revolution. If the Russians want to Bolshevize their side of the Elbe that is their business, but it is not in conformity with American standards to cut away the basis of private property. This man is an extremely capable industrialist, a kind of Henry Ford."

It was fated that Hermann Schmitz and Martin Bormann should meet again and discuss the progress of the flight capital program. It took place at the chancellery in Berlin in March 1945. The Wehrmacht was fighting inside Germany, hard pressed by General Patton's U.S. Third Army. In the east, German defenses still held in Upper Silesia, Czechoslovakia, and Danzig. But Russian pressure was increasing. In the chancellery it was quiet, with

only the noise of typewriters and teletype machines in outer offices as Schmitz and Bormann talked.

In testimony later given to Nuremberg investigators, Schmitz praised Bormann for the way he had directed the distribution of German assets around the world. His own Farben organization had, of course, contributed to the success of the operation. Every regional representative working for Hermann Schmitz was an exceptional businessman, or he would not have been with I.G. All had contributed sound advice in their areas of competence, the regions of the world where they represented Farben while keeping an eye on the subsidiaries of the parent concern and the 700 hidden corporations they controlled. They had provided assistance and continuing guidance in establishing the 750 new companies created on order of Bormann, who wanted more than hidden assets; Bormann wanted the money and patents and technicians put to work to create even greater assets that would bolster Germany in the postwar years. In their meeting in the chancellery, both men checked over the figures of sums disbursed, and they were accurate to the pfennig. The Reicshsleiter asked Schmitz his views of the future. Schmitz replied, “The occupation armies will be understanding in the West, but certainly not in the East. I have instructed all Farben administrators and technicians to come to the West, where they can be of use in resuming our operations once the disturbances of 1945 come to a halt.”

Schmitz added that, while general bomb damage to the I.G. plants was about 25 percent of capacity, some were untouched. He mentioned speaking with Field Marshal Model, who was commanding the defenses of the Ruhr. “Model had planned to turn our Bayer-Feberkusen pharmaceutical factory into an artillery base but he agreed to make it an open, undefended factory. Hopefully, we will get it back untouched.”

What about your board of directors and the essential executives? If they are held by the occupation authorities can I.G. continue?” Bormann asked.

‘We can continue. We have an operational plan for such a contingency, which everyone understands. However, I don’t believe our board members will be detained too long. Nor will I. But we must go through a procedure

of investigation before release, so I have been told by our N.W.7 people who have excellent contacts in Washington."

This was not quite an accurate assessment of the immediate future that faced Schmitz and I.G. Farben in Germany. Twelve officers of I.G. were to be tried at Nuremberg, and on July 30, 1948, they were sentenced to various prison terms for plunder of occupied territories and use of slave labor in their factories. Schmitz was to receive a four-year prison term, but many of the lesser officials would be released by the Allied military government, which simply didn't know what to do with them. Of those at the second level of management, there was Paul Denker, director of Farben's accounting divisions and important in the various Farben subsidiaries; Carl von Heider, general director of sales of dyestuffs, who also handled the Czechoslovakia operation; Helmuth Borgwardt, general director of sales of organic chemicals; Guenther Frank-Fable, chief of the central finance office and director of Max Ilgner's espionage group; N.W.7's Kurt Kruger, another Ilgner lieutenant; Herbert Stein, chief legal advisor of the chemical and dyestuffs department and corporate camouflage expert second only to Schmitz himself. All were returned to their corporate offices.

Schmitz also told Bormann of his visit to Switzerland earlier in the month. "Germany will have a poor image problem this time. Much worse than after the First World War. It can all be placed on the doorsteps of Goering, Himmler, and Heydrich. Goering and Himmler thought up the Final Solution for the Jews, and Heydrich made it a fact."

Bormann agreed, asking, "How does that affect I.G.?"

"We produced the poison gas on Himmler's orders," Schmitz explained, "so I've been making some corporate name changes in Basel, which may help our overseas situation."

Hermann Schmitz then went on to explain that he had changed I.G. Chemie to Societe Internationale pour Participations Industrielles et Commerciales S.A. In German-speaking Basel, the name became International Industrie und Handelsbeteiligungen A.G., or Interhandel. Schmitz said he had stipulated that only Swiss were to be on the board of directors of the new holding corporation, which could then declare itself a fully Swiss

corporation. The brightest jewel in the Interhandel string of companies was General Aniline and Film Corporation, a holding company in the United States for various American I.G. Farben companies. It had been organized in 1929. There were ten members of the board: Schmitz, Bosch, and Greif, all Farben men; Metz, Weiss, and Kitroff, of U.S. companies that sold Farben manufactured products; and four prominent American industrialists and bankers-Mitchell, Ford, Warburg, and Teagle of Standard Oil. In one instance Farben gained a large bloc of Standard Oil stock by selling certain patents to the Standard Oil Corporation. Some American directors of General Aniline had large blocs of GAF stocks registered in their name. The New York bank of record was National City Bank, the largest in New York, which is now known as Citibank. In 1929 the board voted Hermann Schmitz president, a position in which he served from 1929 to 1936, while simultaneously serving as head of I.G. Farben. In March 1945, Hermann Schmitz was telling Martin Bormann that he hoped this shuffling of name and board membership would prove helpful after the war when steps would be taken to return General Aniline and Film Corporation to his ownership in Switzerland. The valuable holding company had been seized in 1942 by U.S. authorities as suspected enemy assets.

In 1948 a suit was to be filed by certain minority stockholders of Interhandel against the attorney general of the United States, as successor to the wartime Alien Property Custodian, and the U.S. Treasury, for the return of 89 percent of GAF, of a value of $100 million plus $1.8 million seized in cash in 1942. Interhandel, through its American attorneys, first filed an administrative claim, which was denied. The suit then went to the District Court for the District of Columbia, then to the Supreme Court, and back to District Court. The Swiss claim was based on the argument that Interhandel was a Swiss corporation, that it was not nor had it ever been an enemy of the United States, and that it owned the shares in question. The American government rebuttal was that Interhandel was the result of a conspiracy between the private bank of H. Sturzenegger, formerly E. Greutert & Cie., and I.G. Farbenindustrie of Germany and others “to conceal, camouflage, and cloak the ownership, control, and combination by I.G. Farben of properties and interests in many countries of the world, including the U.S.”

As the case dragged through the U.S. courts, Schmitz would have Interhandel cosmeticized even more. Charles de Loes, past president of the Swiss Bankers Association, would be elected chairman, and the general manager of each of the Big Three banks would be appointed to the board. They would agree to this because the honor of Swiss banking and its principle of banking secrecy would be at stake. In addition, 25 percent of Interhandel stock would be registered in the name of Union Bank, whose manager, Dr. Alfred Schaefer, was of known integrity. The Swiss believed the association of such a man of high banking repute at Interhandel would impress American government authorities. But the German connection would still be there. Not only Hermann Schmitz, but also the banking connection of Union Bank of Switzerland, Dr. Schaefer's bank, and Deutsche Bank, which acted in concert on so many deals involving not only I.G. Farben but also big Ruhr industrialists such as Thyssen A.G., the largest steelmaker in Germany. In January 1978 these two lead banks, acting through the UBS-DB

Corporation, an American firm of the Union Bank of Switzerland and the Deutsche Bank of Germany, would be the financial advisors for Thyssen A.G. in its $275 million cash takeover of the Budd Company of Troy, Michigan, a leading U.S. manufacturer of auto components, truck trailers, and rail cars. UBS-DB Corporation would also say that the West German companies it represented were showing a "very substantial interest in all sorts of American ventures, including mergers and acquisition."

Bayer A.G., another of Schmitz's divisions in I.G. Farben, would continue to grow, in 1977 buying Miles Laboratories, a U.S. corporation, maker of Alka Seltzer, for $261 million; Daimler-Benz acquired Euclid, Inc., and Siemens bought 50 percent of Allis-Chalmers electrical equipment operations.

The General Aniline and Film suit would finally be settled by Attorney General Robert Kennedy in 1965. The company had been under government ownership and American management for twenty-three years and had always turned a handsome profit. Under private ownership it could do better, and although an entire generation of lawyers, bankers, and politicians who had profited from GAF would cease making big money

from their involvement, the attorney general felt it was best for the government to divest itself. The war was long over, and few people cared about its Nazi connections.

As a result of this decision, General Aniline and Film would be sold at public auction. It was to be the biggest competitive auction in Wall Street history, and an underwriting syndicate headed by First Boston Corporation and Blyth & Company would win out over Lehmann Brothers. The total sales price, $329,141,926.49. The U.S. War Claims Fund would receive $189.2 million, plus $17.5 million in back taxes. Through its Swiss bank connections, $120.9 million would be distributed to Interhandel stockholders.

For the aging Hermann Schmitz it had been a good run. A gigantic settlement for General Aniline and his coshareholders would have capped his remarkable career; however, before the General Aniline suit was settled by Attorney General Kennedy, Schmitz died.

Back in March 1945 when he was confiding in Martin Bormann, who was also doing some heavy planning, there was always the unknown—What now? Schmitz foresaw himself testifying before victorious American occupation authorities, perhaps, ruefully, spending some time in prison, and then back to I.G. Farben, to resume his plans to make this vast industrial apparatus more prosperous than ever.

For Martin Bormann time was of the essence, and he had planned his escape with great care. He would, loyally, remain with Adolf Hitler till the end of the war, then he and the Fuehrer would make their way to South America. But on April 27 Hitler’s choice was to expire in the Fuehrerbunker with his devoted Eva. Bormann finalized his own plans for an escape design, one worthy of the man who had directed the greatest financial disappearing act in history. From that time on the world has speculated, *What really became of Martin Bormann?*

6

EIGHT MONTHS AFTER BORMANN'S CANNY DIREC-tives of the Strasbourg conference were put into operation behind the scenes, and in line with his prophetic foresight, Germany's Western Front collapsed. The bitterly defended Rhine had been crossed at Remagen Bridge in early March; shortly, the main Allied battle force swarmed over a broad front at Wesel supported by artillery fire from 2,000 guns and by airborne landings by the American 17th and the British 6th divisions. I stood in the open bay of a Dakota that was hauling gliders laden with soldiers; I recorded history for broadcast later that day from Paris to New York and on to the network. A friend, Joseph Fountain, heard the broadcast on his car radio as he drove north on Riverside Drive in New York, and he wrote me, "It was so clear I could even hear the shrapnel hitting the side of your airplane."

General Patton's U.S. Third Army entered Frankfurt, racing eastward until ordered by General Eisenhower to stop at the Elbe River. Prime Minister Churchill was urging that the push go on, for he wanted Allied armored divisions in Berlin before the Russians got there, for compelling political reasons. The German capital symbolized all of Germany, and in a message to Eisenhower the British prime minister said, "I deem it highly important we should shake hands with the Russians as far to the east as possible." General Patton was likewise pressuring Eisenhower to let him run again at the Elbe, where his command caravan was parked with the restless G.I.s of the Third Army. Patton was confident he could make it to Berlin, Vienna, or even Prague before the Red Army. Stalin, however, was demanding as his prize the city of Berlin, and Roosevelt, in failing health and unable to contend with the driving insistence of the Soviet leader, again acquiesced, as he had on too many issues at Yalta, where he gave away more than he should have. With Berlin assured, Stalin was positioned advantageously, emboldened to wage the cold war that was to follow his seizure of eleven victim countries swept into the Soviet bloc.

For days Prime Minister Churchill had tried to reach President Roosevelt to dissuade him from halting American troops at the Elbe. The replies to him were all issued by General Marshall, an indication, Churchill realized, that the president was dying. Much earlier in London, upon his return from the Yalta Conference, Mr. Churchill had expressed privately the opinion that he would never again see the president alive, remarking that Roosevelt at

Yalta was “sallow, wan, dispirited; the problems of command and war had taken their toll of his body.” When the news of Roosevelt’s death crackled over the Berlin radio, Josef Goebbels, the wily intellectual of Hitler’s inner circle, had just returned by motor car from the Eastern Front. The city was suffering bombardment, and the Adlon Hotel was burning. As he mounted the steps of the Propaganda Ministry, a German reporter said to him, “Herr Reichsminister, Roosevelt is dead.” Goebbels stood transfixed, then invited the reporter inside for some champagne. Speaking on his private line to the Fuehrerbunker beneath the Chancellery building, Goebbels informed Hitler: “My Fuehrer, I congratulate you! Roosevelt is dead. It is written in the stars that the second half of April will be the turning point for us. This is Friday, April the 13th. It is the turning point!” Hitler made a reply to Goebbels, and when the propaganda minister had replaced the telephone in its cradle, he was ecstatic.

It is not strictly true that Hitler and Goebbels believed in astrology, but several Nazi leaders such as Himmler did; this was tolerated and served to amuse the Fuehrer. Goebbels would employ astrology or any device he could think of to cheer up his leader. As he remarked after the telephone call, “Crazy times call for crazy measures.”

In the last week before Berlin’s fall to Marshal Zhukov’s Red Army, a Wagnerian denouement was taking place fifty feet below the Chancellery, in the Fuehrerbunker. The notables who had ridden the crest of National Socialism for twelve years had deserted Hitler, save for his two trusted aides, Martin Bormann and Josef Goebbels.

Hermann Goering had fled with his retainers to Obersalzberg, where in the temporary safety of his chalet he could gaze over to Berchtesgaden on a nearby mountaintop. Goering, the Reichsmarshal, had failed the Luftwaffe by indifferent leadership; Goering, originator of the Gestapo and the concentration camp system, on July 31, 1941, in agreement with Himmler, had written to Reinhard Heydrich, “I hereby charge you with making all necessary preparations for bringing about a complete solution of the Jewish question in the German sphere of influence in Europe.” From that directive grew the chilling spectacles of Auschwitz, Dachau, and the other terminal camps. Goering had taken Hitler at his word

in 1941 that the war was won, and had thereafter lived as a sybarite, with a life style resembling that of an oriental potentate, complete with flowing robes, painted toenails, and jewel-encrusted martial batons.

Heinrich Himmler departed the Fuehrerbunker, never to show up again, following a depressing staff conference and birthday party for Hitler on April 20. He reached his headquarters at Ziethen castle the next day and there fantasized about succeeding Hitler following the collapse of the Third Reich. Interwoven in his thoughts was the idea of a meeting with General Eisenhower to plan a new Germany. “Should I bow to him, or should I shake hands?” was a question he posed to SS General Schellenberg, who was to flee to Sweden in the last week of the war. Schellenberg would later turn himself in to SHAEF, where he would become a prisoner of war, write his memoirs (with the help of two journalists), which would lack credibility, and then die in 1952. Himmler, the ogre who dispassionately ordered the death of entire races, Jews and Slavs, could never endure the sight of death.

Grand Admiral Doenitz, commander of the U-boat forces, retired to Flensburg on the German-Danish border, where he would represent the machinery of Nazi government after Hitler’s suicide, and arrange for the unconditional surrender of all German armed forces at Rheims, France, on May 7, 1945. He died on January 6, 1981, in his home at Kiel, honored by 2,500 veterans, some with Knight’s Crosses tied with red and black ribbons around their necks, but unhonored by officials of the Federal Republic in Bonn, fearful of any impetus to neo-Nazism.

Albert Speer, the dedicated technocrat who built highways and bridges and stately buildings for Hitler, had served as minister of armaments and war production. He disdained others of the inner circle, and had for years been a foe of Martin Bormann. When Speer departed the Fuehrerbunker for the last time on April 24, after confessing to Hitler the steps he had taken to countermand the Fuehrer’s order for a scorched-earth policy in Germany, and was agreeably surprised at not being hauled out by guards and shot in the garden, he flew out of Berlin and went first to Himmler, then proceeded to Schleswig-Holstein, where he joined Doenitz at Flensburg.

Both Goering and Himmler were stripped of power during the last week. The former, heir apparent since 1941, had sent an injudicious telegram to Hitler asking confirmation of his status as successor, and giving a deadline for the reply. Bormann observed to Hitler that the Reichsmarshal was usurping the Fuehrer's power, pointing to the deadline phrase as evidence. Hitler erupted and ordered Bormann to draft a teletype reply. It stated that Goering had committed high treason, for which the penalty was death This would not apply if Goering resigned from all his offices. Bormann also sent a teletype to the SS in Obersalzberg, ordering the arrest of Goering for high treason. It was announced in Berlin that Goering had resigned all his offices, for reasons of health.

Heinrich Himmler's dream that he would be designated Fuehrer after Hitler's death was shattered when the news came that he had been removed as successor via Hitler's last will and testament. Himmler had been conducting personal peace negotiations with Count Bernadotte of Sweden as intermediary with the Allies, also promising Hitler's body to the West, and news of this was reason aplenty for Hitler to eliminate the SS leader as his intended successor. A conference took place the night of April 28-29 in the Fuehrerbunker, attended only by Hitler, Bormann, and Goebbels. The last will and testament was drafted, and referring to Himmler reads: "Before my death I expel from the Party and from all his offices the former Reichs-fuehrer SS and Reich Minister of the Interior, Heinrich Himmler."

Adolf Hitler's private will was a simple document:

Since I did not think I should take the responsibility of entering into marriage during the years of combat, I have decided now before termination of life on this earth, to marry the woman who, after many years of true friendship, entered voluntarily into this already almost besieged city, to share my fate. She goes to death with me as my wife, according to her own desire. Death will replace for us that of which my work in the service of my people robbed us.

What I own belongs—as far as it is of any value at all—to the Party. Should the Party no longer exist, it will belong to the state. Should the state also be destroyed, any further decision from me is no longer necessary.

The paintings in the collections which I have bought during the years have never been acquired for private purposes, but always exclusively for the creation of an art gallery in my native town of Linz a.d. Donau.

It is my heartfelt desire that this legacy shall be fulfilled.

My most faithful party member, Martin Bormann, shall be the executor of this testament. He is authorized to make all decisions to be final and legal. He is permitted to take everything which either has personal souvenir value or which is necessary for the maintenance of a small bourgeois household and give it to my brothers and sisters, and especially to the mother of my wife and my faithful co-workers who all are well known to him. There are most of all my old secretaries, Mrs. Winter, etc., who for many years gave me loyal cooperation.

I and my wife choose death to escape the disgrace of being forced to resign or to surrender. It is our wish to be cremated immediately at the place where I have done the greatest part of my work during the twelve years of service for my people.

The will was signed on April 29, 1945, by Adolf Hitler, witnessed by Martin Bormann, Dr. Goebbels, and Nicolaus von Below, Hitler's air force adjutant.

His political testament was an expression in greater detail of work done for Germany and the German people. He lays blame for the war "on those international statesmen who were either of Jewish origin or who worked in the Jewish interest." There exists nowhere in the official records even a scrap of paper attesting to the fact that Hitler caused the creation of death camps for Jews and others. But one significant speech, made on January 30, 1939, and directed at President Roosevelt, who was giving every indication of supporting a war against Germany, outlined the course Hitler planned for the future.

"Today I will once more be a prophet. If the international Jewish financiers inside and outside Europe should again succeed in plunging the nations into a world war, the result will not be the bolshevization of the earth and the

victory of Jewry, but the annihilation of the Jewish race throughout Europe." This, in 1939.

In his political testament, signed in Berlin on April 29, 1945, Hitler returns again to this same theme, arguing that death camps for Jews were more humane than death under bombardment.

I left no doubt that it would not be tolerated this time, that millions of European children of the Aryan people should starve to death, that millions of grown-up men should suffer death, and that hundreds of thousands of women and children should be burnt and bombed to death in the cities, without the real culprit suffering his due punishment, even though through more humane methods.

Swayed by a philosophy thus expressed and repeated many times over, Goering, Hitler's decreed successor at that time, ordered Reinhard Heydrich to "make all necessary preparations for bringing about a complete solution of the Jewish question in the German sphere of influence in Europe."

Hitler then completed the second part of his political testament, which was to expel former Reichsmarshal Hermann Goering from the party, in his place appointing Grand Admiral Doenitz as president of the Reich and as supreme commander of the armed forces. He also expelled Heinrich Himmler and appointed Gauleiter Karl Hanke as Reichsleiter of the SS and chief of the German police, and Gauleiter Paul Geisler as Reichsminister of the interior.

Martin Bormann had finally won out over Goering and Himmler; Dr. Goebbels, who was made Reichschancellor, would also be shortly gone, in a suicide pact with his wife, shot on his orders by an SS guard, and with their six children quietly put to death by injections administered by a physician.

The newly created Party Minister Bormann then sent copies of all these documents by special courier to Doenitz. He composed the covering letter as follows:

Dear Grand Admiral!

Since all our divisions failed to appear our situation seems to be beyond hope. The Fuehrer dictated last night the attached political testament. Heil Hitler!

Yours, (signed) Bormann

With the last will and testament drawn up and signed and a ceremony of marriage between Hitler and Eva Braun performed before Walter Wagner, city councilor and registrar of Berlin,

Eva Braun from force of habit signed her name Eva B-, scratched out the "B," and completed the signature as "Eva Hitler." Those present in the chancellery bunker knew it was time for the climactic scene, for the death of the Hitlers. There was, however, first a champagne breakfast for senior officials, and following that the usual morning staff conference. It was estimated that the Russians would overrun the bunker by May 1. A nearby bridge was being defended by youngsters of the Hitler Youth, and heavy fighting elsewhere was by SS units largely composed of Ukrainians, Romanians, Bulgarians, Hungarians, and Croats, long ago joined with the Nazis, who had reasoned that it was better to die in battle than in a Russian slave camp. The last airplane to depart from Berlin had landed on April 28, flown by a sergeant pilot of the Luftwaffe who had circled down from 13,000 feet and rolled to a stop on the east-west axis roadway leading past the Tiergarten and the chancellery. It was there to fly to safety Ritter von Greim, much decorated fighter pilot and new field marshal of the Luftwaffe, who had replaced Goering, and Hanna Reitsch, the lauded woman test pilot. On Hitler's orders, Greim was to leave this night and, once secure at Luftwaffe headquarters, was to mount an attack on Russian positions in Berlin. They took off after midnight, and as the Arado 96 aircraft climbed it was tossed about by exploding shells. Leveling out of reach of the fire, they could see the city being consumed far below, and they headed for Ploen and German command headquarters, where both von Greim and Reitsch met with Grand Admiral Doenitz.

On this same night an officer courier also left by ground route with a special message for Field Marshal Keitel at Combined General Staff Headquarters at Ploen: he carried Hitler's valedictory to the German armed forces. The remainder of April 29 was taken up with brief farewells to staff members.

In the early morning of the next day, Hitler, on Bormann's arm, left his office to bid goodbye to twenty women of the staff. Then he retired to his quarters and at 3:30 A.M. a single shot was heard. Those who rushed into the suite saw Hitler, dead from a bullet through his mouth, and Eva Hitler, sitting in a chair, dead from a poison capsule. It was their choice—capture and degradation or self-inflicted death. Following instructions of hours before by Hitler, SS guards bore the bodies up to the garden, doused them with gasoline, and set them aflame. The tragically fated pair had learned what furious partisans had done to Mussolini and his mistress, Clara Petacci: following the retreat and surrender of German armed forces in northern Italy, the former dictator and his love were hanged upside down in a Milano marketplace and pelted with stones.

Bormann dispatched two teletype messages to Flensburg:

GRAND ADMIRAL DOENITZ—

IN PLACE OF THE FORMER REICHSMARSHAL GOERING THE FUEHRER APPOINTS YOU, HERR GRAND MARSHAL, AS HIS SUCCESSOR. WRITTEN AUTHORITY IS ON ITS WAY. YOU WILL IMMEDIATELY TAKE ALL SUCH MEASURES AS THE SITUATION REQUIRES.

BORMANN

Then,

THE TESTAMENT IS IN FORCE. I WILL JOIN YOU AS SOON AS POSSIBLE. TILL THEN I RECOMMEND THAT PUBLICATION BE HELD UP.

BORMANN

A third teletype was received by Doenitz:

THE FUEHRER DIED YESTERDAY AT 15.30 HOURS. TESTAMENT OF 29 APRIL APPOINTS YOU AS REICH PRESIDENT, REICH MINISTER DR. GOEBBELS AS

REICH CHANCELLOR, REICHSLEITER BORMANN AS PARTY MINISTER, REICH MINISTER SEYSS-INQUART AS FOREIGN MINISTER. BY ORDER OF THE FUEHRER, THE TESTAMENT HAS BEEN SENT OUT OF BERLIN TO YOU, TO FIELD MARSHAL SCHOERNER, AND FOR PRESERVATION AND PUBLICATION. REICHSLEITER BORMANN INTENDS TO GO TO YOU TODAY AND INFORM YOU OF THE SITUATION. TIME AND FORM OF ANNOUNCEMENT TO THE PRESS AND TO THE TROOPS IS LEFT TO YOU. CONFIRM RECEIPT.

GOEBBELS

It is noted that Bormann's name had been unintentionally omitted from the message at the receiving end by Doenitz's cipher clerk.

But one individual in the bunker was determined to live. Martin Bormann had remained unflaggingly loyal to Hitler to the end; through hard work and dedication he had gained permanent leadership of the National Socialist Party and of its members and adherents in Germany and elsewhere in the world. It was his legacy from the Fuehrer. He had known that the Goebbels family had planned to die, and that Doenitz would leave office after surrender of the Third Reich. He was certain too that Seyss-Inquart, the Reich Commissioner for the Netherlands who had succeeded von Ribbentrop as foreign minister, would not last the course; that he and he alone, Party Minister Bormann, would be left as leader, competent to command the global network of commerce he had painstakingly fostered. With this, Germany would move again into the forefront of world economic leadership.

At this moment Bormann's thoughts must have turned inward. It was a time for introspection. He knew he had bested his peers in one of the most grueling contests ever waged for control of the executive suite. Bormann had won out because of his Machiavellian proclivities, his attention to detail, his brutality to those who opposed him. With Hitler always behind him and the unlimited power which this represented, it was wise to step aside when the Reichsleiter made his moves, which were always well planned and never made on the spur of the moment. As one example, Field Marshal Erwin Rommel, Hitler's famed general of the North African and French campaigns, told of a brush he had with Martin. Bormann during the Polish campaign of 1939. When Warsaw fell on September 19, Hitler entered Danzig and broadcast to the Third Reich. Afterwards, he drove on a sightseeing trip to the port of Gdynia. The entry was narrow and crowded and as the Hitler motorcade approached Erwin Rommel, as temporary traffic controller, permitted only Hitler's car and one other to pass through the barricades. The third car carried Reichsleiter Bormann, who was furious at being denied entry with his Fuehrer. "I am headquarters commandant," Rommel told Bormann, "and you will do what I say."

Bormann waited five years, Rommel was to observe, to take his revenge. Following the German defeat in Normandy in 1944, those in military command came under critical review at Hitler's headquarters. When Rommel's record of hostility to the regime came to Bormann's desk, and he remembered being snubbed in Gdynia, he scribbled on the margin of the report which was to go to Hitler: "This confirms other, even worse facts that have already reached me." It was the coup de grace for Rommel, who was later to be given his choice of death by cyanide capsule and a Field Marshal's funeral in Berlin, or death by hanging and disgrace for his family.

As it became decision time for escape from the bunker, Bormann gathered together the personal papers that remained on his desk, everything else having long since been shipped in cartons via Munich to South America. He could hear a celebration in the eating halls of the bunker: piano music, dancing, and laughter as champagne was consumed, for with the death of Hitler the tension had been broken, and there was the frenzy of "What next?" for them all. In a way it was like the breakdown of other headquarters, as in Saigon years later, or in the White House after the formalities of President Nixon's departure, when the staff felt that the symbolic power generated by the executive branch had been turned off, disconnected. But in the Fuehrerbunker, of those who survived and made their escape, many would later be rounded up by the Russians and sent to Moscow for imprisonment. The Soviet command didn't know what to do with the bunker crowd, and prison, they reasoned, was as good a place as any until the Hilter-Bormann situation could be sorted out.

In the Fuehrerbunker, on the night of May 1, 1945, Bormann assembled the staff: high party officials, soldiers, women workers.

He informed them of the escape plan and the designated order of exodus. They were to move in compact groups through tunnels to the subway station in the Wilhelmsplatz, then to creep along the tracks to the Friedrichstrasse station and surface to the street, after which they were to make their way over the Weidendamm Bridge over the Spree, and to personal safety, to vanish among the general population. Instructing them all to be ready by 11:00 P.M., Bormann dismissed them.

In the privacy of his office, Bormann finished his own plans for evading surrender and trial. He had discussed his intended total escape in detail on the night of April 28-29 with his close confidant since 1941, Heinrich Mueller. Mueller was to become his security chief in South America; he was SS chief group leader and senior general of the Waffen SS. During the siege of Berlin, Mueller had not been quartered in the chancellery bunker. Regularly, he went there to report to Bormann, always returning to the Kurfuerstenstrasse building that Gestapo headquarters had moved to after being bombed out of the Prinz-Albrecht-Strasse offices. Its underground shelter was as safe as Hitler's, and it had many advantages: secret rooms accessible only through ingeniously disguised doors, water and electricity, stores of food and medical supplies, and a radio transmitting room whose signal was powerful enough to reach Buenos Aires; also several tunnels leading to emergency exits. Here Mueller felt at ease, able to plan with care the flight of Bormann and himself out of reach of any Allied or Russian captors, beyond the borders of Germany, once they had extricated themselves from metropolitan Berlin.

Mueller's last visit to the Fuehrerbunker had been on the night of April 28, when he had been summoned to interrogate SS Gruppenfuehrer Hermann Fegelein, who represented Himmler in the bunker, but who, long before had changed personal allegiance to Hitler. To make the ties even closer, he had married Eva Braun's sister, thus becoming in a way Hitler's brother-in-law, if only for a brief time. On April 27 he had left the bunker for his residence in Charlottenburg, a fashionable suburb. Suspicions within the bunker were at fever pitch, so when his absence was noted Hitler took it to mean that he had been involved in Himmler's personal peace plot, and sent two of his SS bodyguards to bring Fegelein back. Fegelein had asserted that he only wanted to live, not die; for this attitude, he was stripped of all rank and shot for desertion under fire and marginal complicity in Himmler's treachery.

As Russian shells could be heard pounding the concrete structure overhead, Bormann and Mueller continued to plan the details of their escape strategy. Bormann would move out with the middle group, and Mueller would go back to his own headquarters, and from there leave promptly for Schleswig-Holstein, where the two would be reunited. They shook hands, and Mueller

climbed the fifty steps of the emergency exit, then crossed the chancellery gardens and disappeared into the night.

At about eleven o'clock, on the night of May 1, the first group moved through the exits and tunnels beneath Berlin. Bormann was in the center cluster. Once above ground, they saw their city in flames. Making their way to the Weidendamm Bridge, Bormann's group was hindered by a Soviet antitank barrier on the far side. They waited until German tanks appeared and destroyed the barrier, moving forward with the tanks. These few moments were absolutely critical in any historical discussion of the fate of Martin Bormann; either he perished at this point in time, or he didn't. This episode was aptly described by H. T revor Roper in *The Last Days of Hitler.*

A miscellaneous group including Bormann, Stumpfegger (Hitler's surgeon), Kempka (Hitler's driver), Beetz (Hitler's second pilot), Axmann (Hitler's Youth leader), Naumann (Goebbels' assistant), Schwaegermann (Goebbels' adjutant), and Rach (Goebbels' driver). Some of these passed the barrier with the leading tank and reached the Ziegelstrasse about three hundred yards ahead; but there was a Panzerfaust (anti-tank bazooka fire) falling upon the tank, which caused a violent explosion. Beetz and Axmann were wounded; Kempka was knocked out and temporarily blinded; Bormann and Stumpfegger were thrown to the ground, perhaps unconscious, but escaped injury. The advance was frustrated, and the parties retreated once more to the bridge.

Professor Roper, as representative of both British and American intelligence services in the investigation surrounding the last recorded days of Hitler and Bormann, subsequently interviewed all surviving members of this group. His findings were that Bormann, along with Stumpfegger, made his way eastward along the Invalidenstrasse in the direction of Stettiner station. Here Artur Axmann caught up with them, later to testify that he found both men outstretched on their backs, moonlight on their faces (an odd description!), both dead. But he admitted that he could not look at them closely; Russian fire had prevented it. He made his own way to safety, ultimately reaching the Bavarian Alps.

Thus, there is a sole known witness to the alleged deaths, and it is general belief in West German circles, as in the Israeli Mossad, that he falsified his testimony not only to protect Martin Bormann in general, but also in direct obedience to the orders of SS General Heinrich “Gestapo” Mueller.

Eleven years later Professor Roper again examined the revealed facts of the supposed demise of Martin Bormann, and stated that the evidence since had not altered his 1945 opinion.

Even in 1945 I had three witnesses who independently claimed to have accompanied Bormann in his attempted escape. One of these witnesses, Artur Axmann, claimed afterwards to have seen him dead. Whether we believe Axmann or not is entirely a matter of choice, for his work is unsupported by any other testimony. ... If he wished to protect Bormann against further search, his natural course would be to give false evidence of his death. This being so, I came, in 1945, to the only permissible conclusion, viz.: that Bormann had certainly survived the tank explosion but had possibly, though by no means certainly, been killed later that night. Such was the balance of evidence in 1945. How far is it altered by the new evidence of 1956?

The answer is, not at all. On the one hand both Kinge and Baur state that Bormann was killed in the tank explosion—or at least they say that they think he was killed, for, once again, they admit that the scene was confused and that they never saw the body.

On the other hand, Mengershausen (an officer of Hitler’s bodyguard), declares firmly that Bormann was not killed in that explosion. He says that although Bormann was riding in a tank, it was not his tank which was blown up. And further, another witness has turned up since 1945 who states that he was with Bormann after the explosion. This is a former S.S. Major Joachim Tiburtius, who, in 1953, made a statement to a Swiss newspaper *(Der Bund* **of Berne on February 17, 1953). In the confusion after the explosion Tiburtius says that he lost sight of Bormann, but afterwards he saw him again at the Hotel Atlas. “He had by then changed into civilian clothes. We pushed on together towards the Schiffbauerdamm and the Albrechtstrasse. Then I finally lost sight of him. But he had as good a chance to escape as I had.”**

In 1973 Roper wrote again in the *New York Times:* "I have my own reasons for thinking that Bormann may well have escaped to Italy and thence to South America."

One source in West Germany, who has never been wrong in his disclosures to me about Bormann and his people, then and now, told me he had met up with Bormann in the early hours of May 2. Both having superficial wounds, they were being attended to in a German military first aid station at Konigswurst Erhausen, 20 kilometers southeast of the chancellery. This Scharfuehrer of the Waffen SS, in his late teens, found himself seated alongside a familiar-looking, short, heavy-set man in a leather overcoat stripped of insignia. It was Martin Bormann; a shell fragment had injured his foot; he was resting after a doctor had treated it. The young sergeant said to Bormann and Bormann's companion that he was on his way to the house of his uncle, a Luftwaffe pilot who had been killed in Russia. They were joined by another officer who had been listening to their conversation, and accompanied one another through the dark streets to the house at Berlin Dahlem, Fontanestre, 9, grateful for the young man's offer of a temporary refuge. This former German sergeant made the following statement to me as we sat on a public bench overlooking the Rhine, on April 18, 1971; he repeated it to me almost word for word in 1977:

The house was vacant, but I knew where the key was, so we went inside. Upstairs we changed into suits that were my uncle's. We ate, then slept. We stayed inside for the next three days. None of us dared to go outside, because members of the German communist underground, led by Walter Ulbricht, were walking the streets as secret police for the Russians. After the third day, Reichsleiter Bormann, the officer who was his companion, and the third officer decided to leave. The third officer went one way; Bormann and his friend headed northwest into Mecklenburg, to a place where they said other clothing, some gold, and various currencies had been secreted for this escape. They left at night; I stayed in the house. Two days later they came back. They had reached Neuruppin, 60 kilometers northwest of Berlin, but had not been able to get through the Russian lines. They stayed on in the house with me for

another three days, then left, this time headed for the British zone and Flensburg.

The SS sergeant said that much later he had met up with Bormann's companion of those fateful ten days; he assured him that the party minister had made it safely through the British lines by following the Autobahn to the outskirts of Flensburg, where he was to make contact with Grand Admiral Doenitz.

Martin Bormann, in the interim, had met Heinrich Mueller, who had slipped out of Berlin earlier and was waiting in a prearranged safe house. Mueller told Bormann it would not be wise to meet with the new Reich president, who by now had carried out the unconditional surrender in both Rheims and Berlin. He predicted a war crimes trial of all German leaders, and said that Bormann would be inviting serious difficulty if he surfaced at this particular time. Martin Bormann secluded himself in a private German sanitarium in Schleswig-Holstein. The Gestapo chief, taking on the security of the new party minister and of his safe transportation to South America by assorted routes, made the exact plans that he would effect at precisely the right time.

Mueller had already initiated a strategy of deception to explain his own disappearance from prominent circles in Berlin. The week he slipped out of the German capital, his grieving family gathered for his "funeral." A coffin was borne to a cemetery where it was buried with appropriate ceremony. The grave was marked with a headstone bearing the words "Our Dear Daddy," Mueller's name, his birthdate, and the date of his alleged death in Berlin in 1945.

Several years following this incident, an editor of a German news magazine, acting on an informer's tip generated by the master deceptionist Mueller himself, from South America, obtained a court order in 1963, and the grave was opened. When the coffin in question was unearthed and opened, the editor and the attending officials found three skeletons, none remotely matching Heinrich Mueller's short and thick-set measurements, or his markedly prominent forehead.

A deception plan for Bormann had been completed by Mueller in Berlin. Tops in police work and crafty beyond imagining, he provided for a matching skeleton and skull, complete with identical dental work, for future forensic experts to ponder over and to reach conclusions that suited his purpose. Mueller was a former inspector of detectives in the Munich police department; he had been brought into the higher echelons of the Gestapo by Reinhard Heydrich because of his professionalism and brilliance. He had risen to the rank of SS chief group leader and senior general of the Waffen SS. The solution was elementary; his motivation was protection and enhancement of the highest authority of the state. To this principle, Mueller had been devoted for a decade as chief of police.

His scheme of substituting a stand-in for Martin. Bormann's body in the freight yards of Berlin was told to me three different times by three different individuals. One was an agent whose career was in the Secret Intelligence Service of the British Foreign Office, one served the Federal Republic of Germany, and one was a member of Mossad, the exterior service of Israeli intelligence. The first tip came over dinner in 1947, in the U.S. press club in Frankfurt. It was the day I returned from Berlin and a personal meeting with General Lucius D. Clay, military governor of the U.S. Zone of Occupation. General Clay had offered me the position of his civilian deputy, but I had turned it down with some reluctance, preferring to remain a European reporter for American newspapers. During the press club dinner, the British agent and I discussed the fascinating and bizarre disappearance of Reichsleiter Bormann; this source said flatly that Mueller had engineered Bormann's escape, using the device of a concentration camp look-alike to throw future investigators off the scent. Many years later, in 1973, on a visit to Bonn, a conversation with one of General Gehlen's aides in the Federal Republic intelligence service confirmed the 1947 British tip. The German stated: "The skull represented as Bormann's is a fraud. Naturally the West German government wishes to bury the past and establish Bormann's death once and for all. They have been constantly unsettled by continued revelations and scandals." In 1978, an Israeli Mossad agent with a German specialization said to me that they had never closed the Bormann file in Tel Aviv. "We know he is in South America. We are not very compelled to find him because he was never personally involved in the 'final solution.'" The Israeli added: "Bormann's

business was business, and from what I know personally he did a thorough job of shifting German assets away from the Third Reich."

To piece my information together: General Heinrich Mueller initiated his Bormann scheme during the waning months of the war in the time frame when the Reichsleiter was moving to transfer German assets to safe havens in other places. At Concentration Camp Sachsenhausen he examined several inmates in the special elite group known as *Sonderkommando,* those who had been working in the German counterfeit operation of British pound notes and of other currencies. Documents prepared by them would also be used by SS men in their flight at war's end (eventually, over 10,000 former German military made it to South America along escape routes ODESSA and Deutsche Hilfsverein). The *Sonderkommando*, placed in a special context within the camp, were treated as the skilled professionals they were —engravers, documents specialists, and quality printers— who had been rounded up from occupied countries and put to work for the Third Reich.

Peter Edel Hirschweh, who participated in this special work and survived, described it as follows:

All of the inmates, without any exceptions, were Jews or descendants of mixed marriages. We were "bearers of secrets." Even if those two qualifications had not alone been sufficient to classify us as a death command, we received additional confirmation and proof through the following events: If some of the prisoners felt slightly ill, received an injury on the finger (while engraving) or the like they were taken to the doctor, heavily guarded, to receive treatment there; the physician was not allowed to talk to them at all. Persons who were seriously ill were not allow to go to the infirmary, even if they could be cured there. They were isolated in the washroom and if this did not help, they were liquidated, i.e., killed.

When Heinrich Mueller visited Sachsenhausen he walked through the engraving, printing, and document areas looking for any inmates who might resemble Bormann. In one he noticed two individuals who did bear a resemblance in stature and facial structure to the Reichsleiter. He had them placed in separate confinement. Thereupon a special dental room was made ready for "treatment" of the two men. A party dentist was brought in to

work over and over again on the mouth of each man, until his teeth, real and artificial, matched precisely the Reichsleiter's. In April 1945, upon completion of these alterations, the two victimized men were brought to the Kurfuerstenstrasse building to be held until needed. Dr. Blaschke had advised Mueller to use live inmates to insure a believable aging process for dentures and gums; hence the need for several months of preparation.

Exact dental fidelity was to play a major part in the identification of Hitler's body by the invading Russians. It was to be of significance in Frankfurt twenty-eight years later, when the West German government staged a press conference to declare that they had "found Bormann's skeleton proving he had died in Berlin's freight yards May 1-2, 1945."

Dr. Hugo Blaschke was the dentist who had served both Hitler and Bormann. He had offices in the fashionable professional area of Uhlanstrasse, but he always went to the chancellery for his two most important clients. Bormann had established a well-equipped dental office there, where Dr. Blaschke and his nurse, Fraulein Kaete Heusemann, would take care of the dental requirements of the Fuehrer and the Reichsleiter. The dental records for both were kept in the chancellery. When the Russians had threatened Berlin, Dr. Blaschke prudently moved his practice to Munich, but Fraulein Heusemann had stayed on. Hitler's dental charts were never found, because Bormann had removed them from the chancellery files. However, the Russians, who had wanted complete identification of Hitler after the fall of Berlin, brought Fraulein Heusemann to Soviet headquarters. She had identified the dental fittings gathered in a cigar box as belonging to Adolf Hitler. This was confirmed by the dental technician, Fritz Echtmann, who had made the fittings for Hitler on order of Dr. Blaschke.

Once they had made the identifications, both were shipped off to Moscow, remaining there in prison so that they could not communicate with others for several years. They were classified by the Russians as among the chancellery group who had survived the bunker; they would spend years in Russian prisons and slave camps until the Kremlin leaders decided how to handle their public announcement of Hitler's death—suicide in the bunker, or escape to Spain and South America, as Stalin first believed.

In Bormann's case, the problem was more complex, more challenging. Yet under Mueller's skillful guidance, two bodies were planted; their discovery was made possible when an SS man, acting on Mueller's orders, leaked the information to a *Stern* magazine editor as part of a ploy to "prove" that Bormann had died in the Berlin freight yard. The stand-ins for Bormann were two unfortunates from Concentration Camp Sachsenhausen, who had been killed gently in the Gestapo basement secret chambers with cyanide spray blown from a cigarette lighter (a killing device used later by the KGB in 1957 and 1959 against Lev Rebet and Stephen Bandera, two leaders of the Ukrainian emigres in Munich). At Gestapo headquarters, the night of April 30, the bodies were taken by a special SS team to the freight yards near the Weidendamm Bridge and buried not too deep beneath rubble in two different areas. The Gestapo squad then made a hurried retreat from Berlin, joining their leader, SS Senior General Heinrich Mueller, in Flensburg.

The funeral and burial caper was to be a Mueller trademark throughout the years of searching for Martin Bormann. The Mossad was to point out that they have been witnesses over the years to the exhumation of six skeletons, two in Berlin and four in South America, purported to be that of Martin Bormann. All turned out to be those of others, although in Frankfurt in 1973 the dental technician, Fritz Echtmann, after years as a Russian prisoner, was to say that the dental work found in the skull of the skeleton declared to be the remains of Bormann resembled those fillings he had worked on in 1944. Simon Wiesenthal, director of the Jewish Documentation Center in Vienna, had been invited to Frankfurt by West German authorities who were presenting the press event, with the CIA in the background. He said that, while the skull resembled Bormann's, he doubted it *was* Bormann. Still, Heinrich Mueller had done his job well, and from South America he pointed the Bonn government's investigators through intermediaries toward this second planted Bormann skeleton. So my sources state; the fabrications of 1945 continue to provide the party minister with his "passport to freedom."

The full surrender of all German forces was signed at Rheims, France, on May 7, 1945, and I was a witness to that historic event. Reich President Doenitz had sent both Admiral von Friedeburg and General Alfred Jodi as

his representatives to General Eisenhower's Supreme Headquarters, Allied Expeditionary Force, operating out of a red brick building that in peacetime was a school for girls. The two German notables arrived on May 6 for preliminary discussions. They played for time, knowing that each hour gained would enable their countrymen on the Eastern Front to retreat further into Germany until they could surrender to British or American forces. There was to be no separate surrender; it was now all or nothing, and General Eisenhower had imposed a time limit of May 7 on the Germans for general and total capitulation. General Jodi reported to Doenitz: "General Eisenhower insists that we sign today. If not, the Allied fronts will be closed to persons seeking to surrender individually. I see no alternative: chaos or signature. I ask you, to confirm to me immediately by wireless that I have full powers to sign capitulation."

This authorization was duly received, and in a small lecture hall on the second floor of the school building, General Jodi signed the instrument of unconditional surrender, at 2:41 on the morning of May 7. Lieutenant General Bedell Smith signed on behalf of General Eisenhower, the Supreme Allied Commander, with British, French, and Russian officers as witnesses.

After General Jodi had placed his signature on the documents, he addressed the senior Allied officers present. He asked for a show of compassion to the German people, who had suffered so much during this war. No one spoke during his statement, for those listening to the plea were professionals too and knew the shattering emotions that both former antagonists were undergoing as they laid down the German sword and authorized the capitulation of their armed forces on land and on the high seas. Admiral von Friedeburg was later to take his life.

General Jodi then rose and walked from the room, along a short hallway to General Eisenhower's office. There he encountered the American general, grim and unsmiling as befitted the occasion. Behind the Supreme Commander stood the ever-present Kay Summersby, driver and companion to the general in England, North Africa, and France. Jodi reported he had signed the instrument of surrender; Eisenhower asked him, "Do you understand all that it means and the conditions you must carry out?" General Jodi nodded briskly, said "Ja," saluted, and left the office of the

Supreme Allied Commander. As he walked along the hallway he was joined by Admiral von Friedeburg.

At this instant, I intruded in Jodi's tightly controlled self-possession, asking him, "General, did Martin Bormann make it safely out of Berlin ?" The Nazi leader, surprised at this query, replied readily and in a barely audible tone, "Of course. He is a natural survivor." Then he was gone, down the staircase, to the staff car outside that took them back to Grand Admiral Doenitz.

Two days after this event, in the modest house on Fontanestre, 9, Party Minister Martin Bormann was calculating how to slip through the British lines to Flensburg. Peril and uncertainty surely would be ahead before he reached his destination— Buenos Aires. He remained methodical and matter-of-fact as he planned his departure from Berlin, although only days before he had failed to penetrate the Russian lines to Schleswig-Holstein. He believed firmly in his destiny and was convinced that he would rendezvous with General Mueller in the safe house they had agreed upon.

"It was early morning when Bormann left the house," related my Waffen SS source, who, as I said earlier, remained behind, plotting his own best course. Only nineteen, he yearned to reach Bonn and look out for his widowed mother. He went on: "Bormann was accompanied by the aide who had escaped with him from the Fuehrerbunker the night of May 1-2, and both men set off along the autobahn. Months later I happened to meet the aide in Frankfurt. He remarked, 'We passed through British lines without trouble, without even being noticed, just another two shabbily dressed men. I left the party minister with General Mueller, and went back to Frankfurt."'

This SS source, one of so many I have talked with and questioned, will not speak publicly of these matters even today. He fears retribution from South America, and the present West German government, which maintains a tight rein on any telling of the true Martin Bormann story. The experience of *Quick Magazine,* a West German news weekly, testifies to that fact. The editor of *Quick* sent a five-man reporting team to South America to do a Bormann story. When the reporting team returned to West Germany with a magazine series detailing Bor-mann's presence in Argentina and his continuing links with the industrial and financial circles of the Ruhr, the

series was squashed by the Bundesamt fur Verfassungsschutz, the West German equivalent of the FBI. The reason given: “It was not in the national interest.” If the story were published, *Quick* would be put out of business and the five reporters jailed. The matter had gone to the highest levels of government in Bonn where the decision had been made. This SS veteran admires “Fuehrer Bormann” and worked for him for a while in South America; but even so, were he to be indiscreet and draw attention to himself, he might be signing his own death warrant.

7

FOUR MONTHS AFTER MARTIN BORMANN WENT to ground in Schleswig-Holstein, the international authorities seeking to try Nazi leaders for war crimes and crimes against humanity decided (in August 1945) that the site of these military and civilian tribunals was to be Nuremberg. It was the first time in the history of modern warfare that those who gave the orders and were responsible for the particular aspect of genocide were to be brought before an international court of justice. Up until then it had generally been the middle and lower echelon officers and soldiers who had been made to suffer as retribution for aggression and atrocities, but now those at or near the top of the hierarchy stood before the bar. In Germany, by October 1945, 21 defendants bad been brought to Nuremberg prison to await their trials. The twenty-second individual, Martin Bormann, was to be tried in absentia; the twenty-third, Robert Ley, Reichsleiter of the labor front which had also operated the forced-labor camps, a political opponent of Bormann for many years, committed suicide before the trials began.

The first Nuremberg trial dragged on for ten months before sentences were handed down. Ten Nazi leaders were sentenced to death, and went to the gallows in the small gymnasium of the prison. Foreign Minister Joachim von Ribbentrop was first to die; he was followed by Field Marshal Wilhelm Keitel, Ernst Kaltenbrunner, Alfred Rosenberg, Hans Frank, Wilhelm Frick,

Julius Streicher, Fritz Sauckel, Alfred Jodi, and Arthur Seyss-Inquart. Only two escaped, Reichsmarshal Hermann Goering and Party Minister Martin Bormann. Goering had gulped down a cyanide capsule smuggled to him in his cell, leaving a farewell message that death in this manner was preferable

to the indignity of hanging. Certainly there was little dignity in the somber setting where ten former national leaders were put to death. The executions were accomplished with precision; the American sergeant who presided over this macabre event said, “Hot damn, 110 minutes, right on time!”

But if one hardened sergeant was insensitive, there were those all over the Western world who spoke out against the trials and continue to do so today. Prominent among the doubters was Telford Taylor, U.S. chief counsel at Nuremberg. Ten days before the executions of the German leaders, the late Senator Robert A. Taft had condemned the trials and sentences. He strongly suggested that involuntary exile might have been wiser, more in keeping with professed American values. He had said that the trials, whose rules of law were formulated and enacted on the spot and then made retroactive, “violate the fundamental principle of American law that a man cannot be tried under *ex post facto* statute. . . . Nuremberg was a blot on American Constitutional history, and a serious departure from our Anglo-Saxon heritage of fair and equal treatment, a heritage which had rightly made this country respected throughout the world. . . . About this whole judgment there is a spirit of vengeance, and vengeance is seldom justice. The hanging of men convicted will be a blot on the American record which we shall long regret.”

Taft further stated, “In these trials, we have accepted the Russian idea of the purpose of the trials—government policy and not justice—with little relation to Anglo-Saxon heritage. By clothing policy in the forms of legal procedure, we may discredit the whole idea of justice in Europe for years to come.”

The Nuremberg Trials were man’s first fumbling attempts to outlaw war, and their legality was obscure, their morality confused. The Allies knew that they too had been guilty of war crimes. Dresden, for example, was consumed by flames caused by Allied firebombing, a city open and undefended. Several hundred thousand civilians perished, more than those who died from the American atomic bombs later to be dropped on Hiroshima and Nagasaki. The attack on Dresden was needless, ordered personally by Winston Churchill over the objections of his

air marshal, who had demanded a written order from the Prime Minister before reluctantly giving a directive for the bombing. Churchill, the object of suspicion and abuse from Stalin throughout the war, felt that such an act would pay dividends in his later dealings with the Soviet leader. But when aerial photographs of Dresden's flaming destruction were sent by Churchill and reached Moscow, they were merely tossed aside with a shrug by Stalin. The Russians too had their concentration camps, Jewish pogroms, and slave labor and pursued wars of aggression against Finland, Poland, Estonia, Latvia, and Lithuania, not to mention the other countries they had sucked up into the communist bloc. Inside Mother Russia itself, Stalin had sent uncounted Bolsheviks to the death cellars of Lubyanka prison and the concentration camps. Throughout World War II, the executions quietly went on; after the war they continued —for instance, the anti-Semitic drive in Leningrad and the extermination of the Jewish antifascist committee.

In all theatres of war unspeakable brutalities had occurred, from the 300,000 who died at Japanese hands in Nanking in 1937 to the unforgivable treatment of Allied soldiers in Japanese prison camps. It was Russian troops who massacred 45,000 Polish prisoners of war in Katyn forest, dumping the bodies into a mass grave. The reason? From these officers and soldiers would have come the opposition to communist rule in Poland in the years to come. Also, in the years to come, the United States was to be diminished with the aggressions in Vietnam and such atrocities as Son My and My Lai.

The first Nuremberg trial should have been labeled for what it was: an-eye-for-an-eye vengeance for the crime of racial extermination. If it had been so labeled, the spirit behind Nuremberg would have been understandable, not conflicting with the issues of legality and justice so troubling to many leaders of jurisprudence in the United States and Europe. The four Nazis most directly responsible for the decision to invoke racial genocide were Hitler, Goering, Himmler, and Heydrich, and all had died before the ten other officials took their final walk to the gallows. During the ten months of trial, the 21 defendants who sat in the dock at Nuremberg being tried for their part in wars of aggression were no more unprepossessing than their Allied counterparts might have been had they lost the war and found themselves awaiting trial and sentencing. Leadership on both sides was represented by educated academics, administrators, and military

notables who saw to it that the war kept moving along. Still, Nuremberg was a landmark, and if it did not halt the proliferation of wars it reinforced the international principle that there are standards of human behavior all nations should adhere to.

As the first trial was concluded, with sentences pronounced and carried out on the 21 defendants, the twenty-second was stirring in his bolthole. Martin Bormann had been moved from Schleswig-Holstein to a safe house in Denmark by his security chief, Heinrich Mueller. The party minister had been tried in absentia at Nuremberg; while found not guilty on charges of crimes against peace, for he had not been one of the early plotters of war, he had been found guilty as charged of war crimes and crimes against humanity. Bormann believed he was not guilty on any of the counts; but he also knew that disappearing was the only course, else he too would have been hanged until dead in the gymnasium of Nuremberg prison.

Martin Bormann became the object of history's greatest manhunt. At least one thousand Allied intelligence officers, representing Great Britain, the United States, France, and Russia, were on his trail, together with an uncounted number of informers who coveted the reward offered for information leading to his capture. But Heinrich Mueller had strung an invisible, impenetrable defense between Bormann and those who sought him. Select units of the Gestapo continued to function, unofficially, and those who now reported directly to Mueller, under suspicion of surviving Berlin and therefore also a subject of search, were among the best secret police agents of the SS. Out of uniform, they continued to draw pay and expenses from their paymaster, representing Mueller, from SS funds held in a numbered account in a Swiss bank. As the search for Bormann went from hot to cold to hot, Mueller continued to move the Party Minister around, back and forth between Schleswig-Holstein and Denmark, but staying clear of major cities such as Hamburg. Mueller had a network of loyal informers, SS men who had returned to their peacetime positions on German police forces at

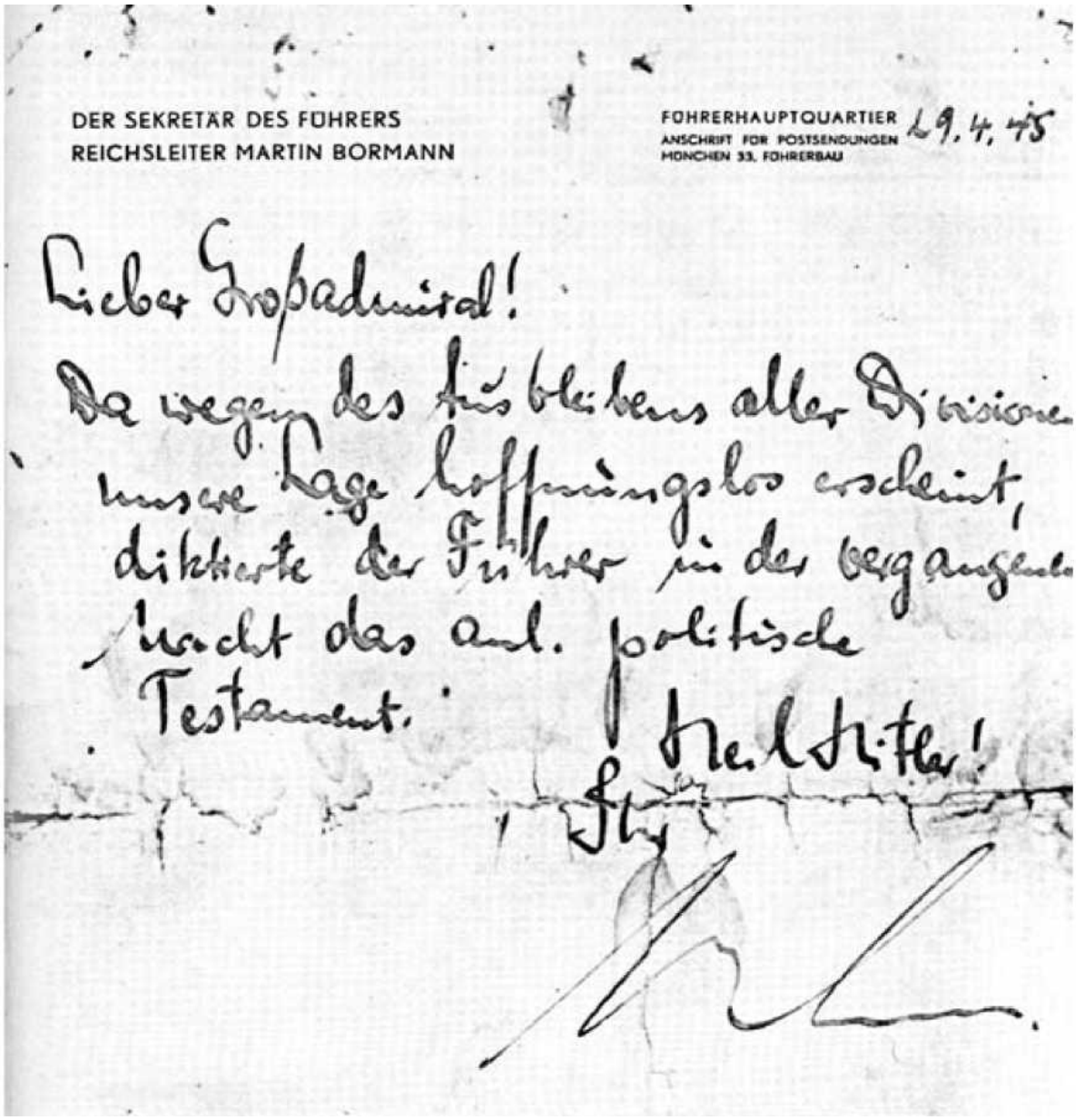
Hans Bernd Gisevius giving testimony at the Nuremberg trials. Gisevius, a leader of the German underground during World War II, was also a double

agent for the OSS. He was Allen Dulles's pipeline to Admiral Canaris, chief of the German Foreign Intelligence Service (Abwehr) until 1944 who himself served as a high level British informer during most of the Second World War.

Allen Welsh Dulles as he looked when serving as President Roosevelt's personal emissary to Switzerland. He ran the Office of Strategic Services (forerunner of the CIA) into Germany and on the continent from his headquarters in Berne.

Hermann Schmitz, pictured at the zenith of his career as president and chief executive officer of I. G, Farben, which was Germany's greatest source of foreign income during the Hitler years. Schmitz was a confidant and adviser to Martin Bormann. He was the principal architect of Farben's program of camouflaging its vast overseas holdings under Bormann's directive to find safe havens for German capital. During the period when Nazi excesses against Jews accelerated, Hermann Schmitz found places for I. G. Farben

Jewish corporate officials and lesser staff members in Farben's foreign offices, particularly in South America.



DER SEKRETÄR DES FÜHRERS
REICHSLEITER MARTIN BORMANN

FÜHRERHAUPTQUARTIER
ANSCHRIFT FÜR POSTSENDUNGEN
MÜNCHEN 33, FÜHRERBAU

29. 4. 45

Lieber Großadmiral!

Da wegen des Ausbleibens aller Divisionen unsere Lage hoffnungslos erscheint, diktierte der Führer in der vergangenen Nacht das anl. politische Testament.

Heil Hitler!

Ihr

Bormann's capitulation message to Grand Admiral Doenitz, sent on April 29, 1945. It reads: “Dear Grand Admiral! Since all our divisions failed to appear, our situation seems to be beyond hope. The Fuehrer dictated the attached political testament last night. Heil Hitler! Bormann.”

Auslands-Ausweis

Lfd. Nr. 37370 *

Gültig bis 31. 12. 36.

Name: Baumann, J. Hans.

geb. am: 21. 4. 97. in: Wiesent

Mitglieds-Nummer: 3657242 Eintr.: 1. 5. 35.

Überwiesen von:

Nach (Land): Columbien

(Stadt): Medellin

Berlin W 35, 31. 7. 1935.
Tiergartenstraße 4

Nationalsozialistische
Deutsche Arbeiterpartei
Auslands-Organisation

Leiter der Auslands-Org.

Mitgliedsbücher und Mitgliedskarten sind im Ausland nur gültig **in Verbindung mit dieser Hülle**, die das Visum der Auslands-Organisation trägt.

The Nazi travel permit of Salesian priest Hans (Juan) Baumann, from the files of the FBI. Baumann, a friend of Hitler and Bormann, was described in 1942 by J. Edgar Hoover as a “very dangerous Nazi.”

(Below) A confidential memo dated April 27, 1942, from J. Edgar Hoover to Colonel William J. Donovan, then Coordinator of Information, indicating that Hans (Juan) Baumann headed a Nazi espionage ring in Colombia.

CC-285a

JOHN EDGAR HOOVER
DIRECTOR

PERSONAL AND CONFIDENTIAL
BY SPECIAL MESSENGER

Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

15551
CONFIDENTIAL
CLASSIFICATION OF INFORMATION

Date: APR 27 1942

To: Colonel William J. Donovan
Coordinator of Information

RELEASED
Authority FBI Ltr 2/2/76
By TEH 3/7/78

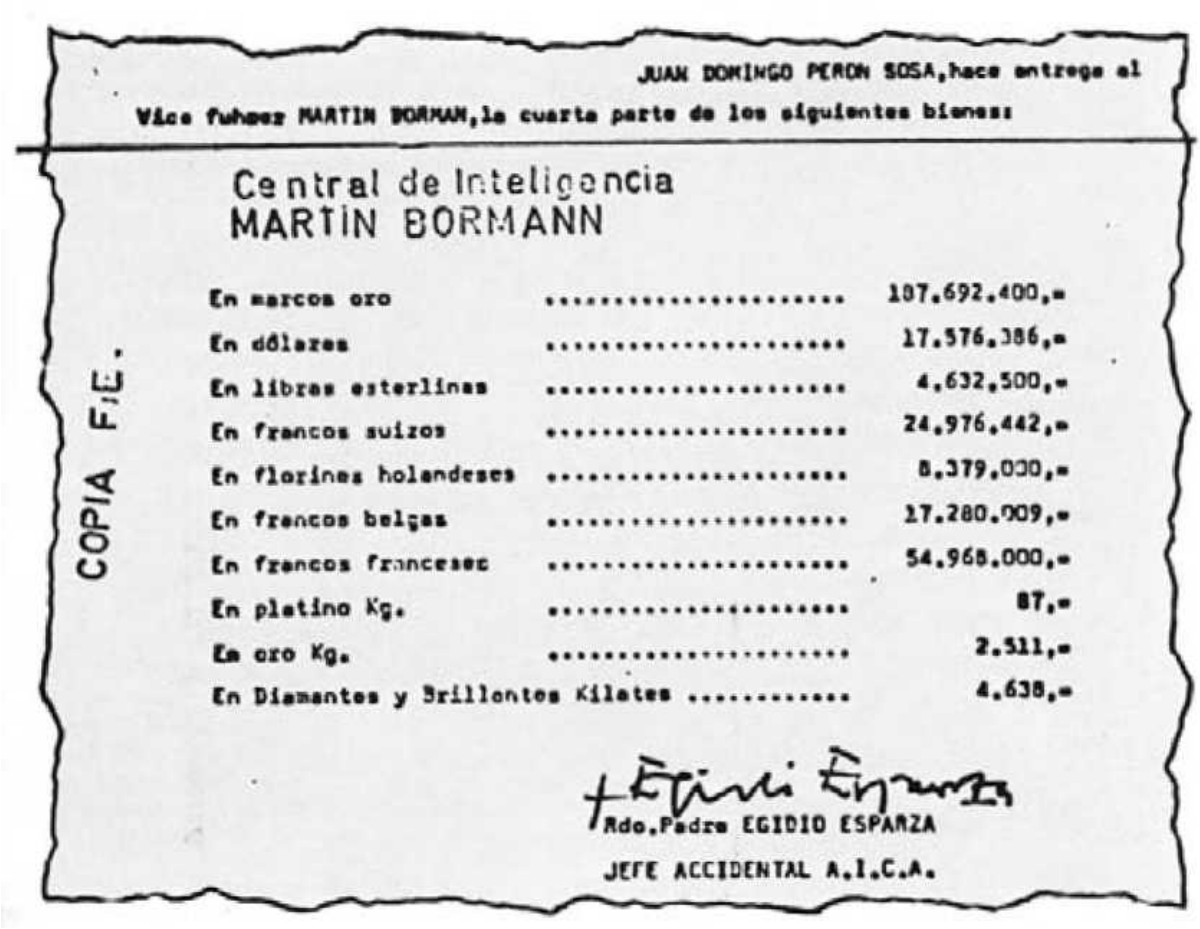
From: J. Edgar Hoover - Director, Federal Bureau of Investigation

Subject: Hans (Juan) Baumann

As of possible interest to you, there is being attached hereto a memorandum concerning one Hans (Juan) Baumann, a Salesian priest, believed presently to be located at Cali, Colombia, and carrying on activities in connection with an espionage ring which utilizes the facilities of a clandestine radio station, PYL, in or near Santiago, Chile. In connection with Baumann there is being attached also a photostatic copy of the party book of Hans Baumann indicating membership in the Auslands-Ausweis organization. The information concerning Baumann has been secured from a confidential, reliable source.

Enclosure

COI 0.13.1 7.16 CCOI, CP 7.15
Emp., Col., Germany 7.17 Baumann 7.16 Corr. - 6.23
- PYL Chile 8.13



JUAN DOMINGO PERON SOSA, hace entrega al

Vice fuhrer MARTIN BORMAN, la cuarta parte de los siguientes bienes:

Central de Inteligencia
MARTIN BORMANN

COPIA F.E.

En marcos oro	187.692.400,-
En dólares	17.576.386,-
En libras esterlinas	4.632.500,-
En francos suizos	24.976.442,-
En florines holandeses	8.379.000,-
En francos belgas	17.280.009,-
En francos franceses	54.968.000,-
En platino Kg.	87,-
En oro Kg.	2.511,-
En Diamantes y Brillantes Kilates	4.638,-

Rdo. Padre EGIDIO ESPARZA

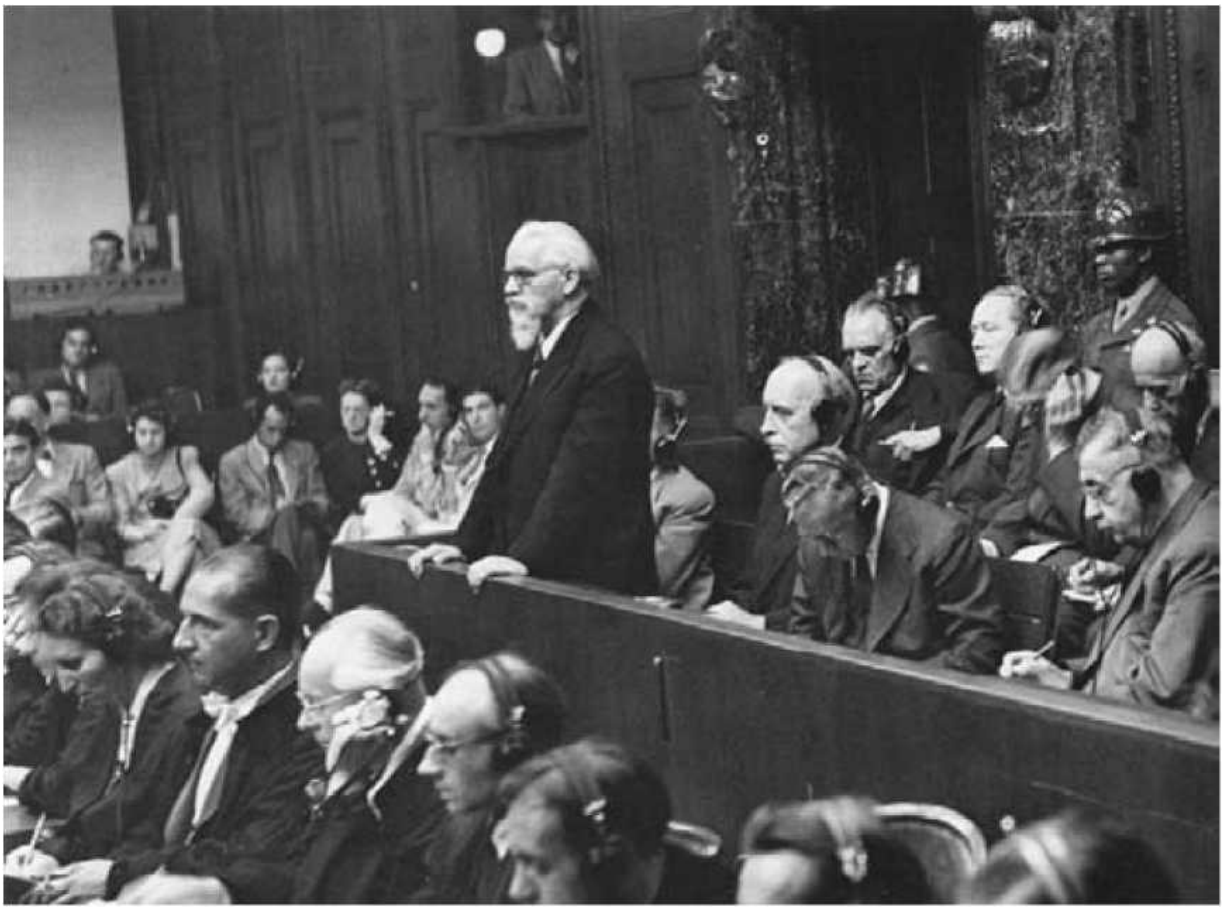
JEFE ACCIDENTAL A.I.C.A.

A rare financial document of a joint bank account shared by Bormann and Peron in the Deutsche Bank of Buenos Aires, from the files of Central de Inteligencia of the Argentina secret police of the Ministerio del Interior, Martin Bormann had bank accounts in many cities, among them Berlin, Zurich, Buenos Aires and New York, when he served Hitler and Germany as Reichsleiter. His present account in the Deutsche Bank of Buenos Aires dates back to 1941, when he began transferring funds through his personal account to Juan and Eva Peron. Even then he regarded Argentina as the most likely sanctuary for himself and Hitler, if Germany collapsed. But it was necessary to sweeten the growing relationship with the Perons with a flow of money that reached a total of $100,000,000 by 1955 when Juan Peron was forced into exile, first in Panama and then Madrid.

Martin Bormann's eldest son. Adolph, emerging from a Bavarian hospital after being nearly killed by a six-ton truck. Adolph resigned from

the Jesuit order after being denied a parish in South America by the Vatican. He is married to Cordula, a former nun. Both now live and work in Bolivia.

(Below) Hermann Schmitz, president of I.G. Farben, being sentenced to four years in prison at the Nuremberg trials for his participation in the plundering of industries in Nazi occupied territories. The trial of the Farben officials ran for nearly a year and ended on July 29, 1948.



The author (left) discussing the West German economy with Dr. Hermann J. Abs, 83 years old, now Honorary President of Deutsche Bank A.G., at a luncheon in New York City.

Paul Manning when he was a CBS News correspondent in Europe during World War II.

both local and national levels. The movement of “enemy forces,” as they described Allied agents, served Bormann and Mueller as an early warning system.

Bormann took all these precautions in stride, comfortable in. the knowledge that his security was in the hands of top professionals, and concentrated on his immediate tasks at hand, much as he had during the final days in the Fuehrerbunker. Wherever positioned, he turned his hiding place into a party headquarters, and was in command of everything save security. Telephones were too dangerous, but he had couriers to bear documents to Sweden, where a Bormann commercial headquarters was maintained in Malmo to handle the affairs of a complex and growing postwar business empire. From Malmo high-frequency radio could transmit in 30-second bursts enough coded information to listening posts in Switzerland, Spain, or Argentina to form a continuous line of instructions.

Meanwhile, General Mueller was taking steps to establish escape routes for officers and soldiers of the SS who wanted to leave Germany to start a new life in South America. Some were listed by the Nuremberg authorities as war criminals; most were not. But they had in common the desire to begin again—far away. Mueller talked over his plans with Bormann. The first route considered was referred to as Organization der ehemaligen SS-Angehorigen—Organization of former SS members—and thus became known as ODESSA. Mueller estimated the annual cost of this operation, and Bormann, ever the banker, suggested that ODESSA be set up as a corporation and funded accordingly. The prime purpose of this corporation was to move SS men out of Germany to South America, or to the Middle East if they preferred it that way. To amortize the heavy cost, Bormann suggested the corporation also assume functions that would make ODESSA self-liquidating, at a profit.

As ODESSA would not operate as an escape route for much more than five years, Bormann suggested that the SS administrators picked to coordinate and supervise the route also keep their eyes peeled for quick-money opportunities, with a view to returning the initial investment and having ODESSA operating in the black. Bormann suggested that surplus arms was a likely field of opportunity, and as usual he was right. One British

scrap dealer had become a millionaire in one year buying up old tanks, rucks, and assorted guns; selling some as scrap, reconditioning others for sale on the arms black market of those days. The British government began selling its surpluses openly. Other munitions dealers blossomed into prosperity and respectability as they bid low for high-cost items.

But none were to achieve the profitability of ODESSA, whose agents ranged throughout Europe and even behind the Iron Curtain. They bought and sold surplus American arms to Arab buyers seeking to strengthen the military capabilities of Egypt and other Middle Eastern Arab nations. Palestine was to be partitioned into a Jewish homeland, and they intended to destroy it at birth. But now Jewish buyers, funded from America and elsewhere, entered the marketplace. They were barred from purchasing guns and American surplus P-51 Mustang fighter planes by President Truman, and their only recourse for survival was to trade on the European black market, which, unknown to them, was coming rapidly under the control of ODESSA agents. However, the Jewish agency's buyers might have purchased from the devil himself if it meant survival of the small, defenseless nation, just come into being on May 14, 1947. The first purchase they made was in Czechoslovakia: 4,300 rifles, 200 medium machine guns with ammunition. Also acquired were ten surplus Messerschmitt-109 fighter planes for $44,000 each, which included some spare parts, cannon, machine guns, bombs, and assorted ammunition. ODESSA agents handled this transaction in Prague, with the tacit permission of Moscow, which was to sponsor Israel as a homeland for Jews in the United Nations. Russia wanted British influence dissipated in the Middle East, and one way to do this was to get their foot in the door of the new Israel. Hence their sub rosa cooperation in Prague. The German agents wanted only to serve as "honest brokers" in an international arms deal.

With the German fighter plane deal consummated, it was up to the Jewish buyers to get the planes to their new homeland. Messerschmitts have a range of only 400 miles, so flying them down to Palestine was out of the question. They might have refueled in Yugoslavia and Greece, but the British were being sticky about transport of unauthorized arms, and closed down this possibility. As a result, a former German airbase near

the Sudetenland town of Zatac (formerly Saaz) became for a few weeks a Jewish airfield. Here two C-54 cargo planes flown by American contract pilots touched down, and Czech mechanics dismantled the fighter planes and stowed them into the big cargo aircraft, which thereupon took off for an airfield close by Tel Aviv. The operation was repeated many times over, until all ten fighters had been transported to Israel. The success of the airlift convinced David Ben-Gurion, who was to become the first prime minister of Israel, that the option taken on 15 more planes should be exercised.

But money was short, and the ODESSA representatives had to be paid immediately, else the delicate negotiations hanging fire behind this Iron Curtain country would disintegrate. The Moscow representatives were becoming edgy, the Czechs who were fronting the negotiations were wondering when Russia might change its mind and wreak retribution on them, and the fellows from Germany felt that if there was undue delay the deal would collapse and they would go down with it. An appeal for quick money was made by the Jewish buyers to Teddy Kollek, in New York, the operational chief of the Jewish groups in the United States. (Kollek, incidentally, was much later to become mayor of Jerusalem-in 1965.) He went to Manhasset on Long Island and met with William Levitt, the famed builder of many suburban Levittowns. “We need money,” Kollek said. “I can’t tell you what it’s for because it’s top secret. But if you lend us the money, the Provisional Government of the State of Israel will give you a note and pay you back in a year.”

“So,” Levitt recalls, “I said O.K., and I gave him the million dollars.”

At their hotel in Zatac, renamed the Hotel Stalingrad, the air crews waited for news. It arrived, and during the ensuing days of feverish activity on the airstrip, the 15 Messerschmitt-109s were flown out of Zatac under the code “Operation Balak,” or “Son of Bird,” a Hebrew historical reference. Egyptian forces in brigade strength advanced on Tel Aviv in 1947, but were halted 25 miles from the new capital by the sudden appearance of Messerschmitt fighter planes that strafed and bombed their columns, and by artillery fire from 65-mm mountain guns bought from Nazi stockpiles and shipped clandestinely from Marseilles. The danger of a quick Egyptian victory had been cut short; the new State of Israel would survive.

But would Martin Bormann survive if he left his modest sanctuary in northwest Germany? The administrators of ODESSA, aside from their role as short-term munitions merchants that they were later to *segue* into other commercial activities, were confident that they could get Party Minister Bormann right across Germany to Munich and over the Alps to Genoa. They had already moved several thousand SS men by this underground railroad, and thus far everything had gone according to schedule. “Safe houses” had been established along the route, and the travelers always arrived and departed on time. By the time the first Nuremberg trial had ended in early 1946, Bormann was ready for progress. General Mueller had him conveyed to another safe house near Domstedt. Griesheim-Domstedt was and still is the publishing center for the U.S. Army’s *Stars & Stripes* newspaper for Europe. The late editions go to press at midnight, and shortly thereafter trucks, operated exclusively by the *Stars & Stripes* command, line up for their bundles of newspapers that must be distributed by morning to all U.S. Army bases. In 1946 it was a simple matter for Mueller to arrange for Bormann to be a casual passenger aboard such a truck, which halted briefly as it turned out of the publishing plant and picked him up. Accelerating, it turned onto the Autobahn, then drove straight to Munich. Just before reaching U.S. Army headquarters, the German driver slowed to a stop and Bormann jumped out, disappearing into the downtown area of the city. He reached a safe house, where his brother Albert had been waiting; they remained there quietly, awaiting further instructions.

Bormann left Munich with an SS companion and guide, by automobile provided by a German mayor who was able to get rationed gasoline. In the pastoral uplands of Bavaria they parked the car at a previously agreed-on point, so the mayor could fetch it and drive it back. Bormann had been advised that it was best to travel on foot beyond this point in order to avoid interception and interrogation by U.S. CIC patrols. So the pair took to the countryside on foot and headed toward the Austrian Tirol. Their appearance was quite commonplace; few gave them more than a glance. The spring before millions of refugees and displaced persons had swarmed across Germany, prisoners of all nationalities making their way home, more than a million German families from the East fleeing before the Red Army into western Germany. The Wehrmacht had disintegrated into long columns of prisoners walking toward prisoner-of-war camps. Mass chaos had

characterized 1945, but now in the winter and spring of 1946 some order appeared; however, plodding men and women, Red Cross vehicles, and fast-driving U.S. Army trucks were familiar sights in the area beyond Munich. The two men made their way up mountain roads and across valleys, and no attention was paid to them by the civilians trying to farm their patches or cut firewood in the forests.

Bormann and his companion crossed the Inn River, and were guided by local SS mountaineers to the Alpine village of Naud-ers, where the Austrian, Swiss, and Italian frontiers meet. The two rested in a safe house for several days, then set out on the next stage of the journey, which took them through Val di Adige and down to the green forestlands that line Lake Gardia. Here they halted for rest in the monastery overlooking the lake, feeling relatively safe. After a time they pushed on to a Franciscan monastery in Genoa, where arrangements to receive them had been made by Heinrich Mueller.

New identification papers were handed to Bormann, together with the welcome news that in a matter of days he would be sailing to Spain. When he left the Franciscan monastery in Genoa and boarded a small Mediterranean steamer, his first stop was the port of Tarragona, to the south of Barcelona. It was night when the small vessel put into port, debarked the passenger, and steamed from the harbor. Bormann was met by two of Mueller’s SS men, who promptly drove the party minister along the coast to Vendrell, where they picked up the auto route and headed inland. It was the purest scenic beauty that Bormann saw as they drove swiftly, with no stops other than to refill the gas tank from jerry cans they carried. They risked no appearance in a public place. Somewhat across the neck of Spain they turned off at Todela, and continued over good secondary roads until the mountainous area of Logrono was reached. They passed Najera, then finally reached their destination, the Dominican monastery of San Domingo, which stands in the Province of Galicia, once called home by General Franco. Preparations had been made for an indefinite stay. Bormann thanked his SS comrades, and they stood erect and saluted as in the past; then they departed.

The route to freedom taken by Bormann was not exactly that of other SS escapees. His clandestine departure from Germany had been calculated according to his special needs by Mueller, with SS men in civilian clothes positioned all along the way. They were the advance lookouts, sworn to the protection of their Party Minister, the duly appointed successor to Adolf Hitler. At no time in his trek between Munich and Genoa was Bormann out of sight of the finest riflemen the Waffen SS had developed in six years of war. They manned the safe houses, they skied the ridges overlooking the valleys to be traversed by Bormann, and they were chopping wood or hiking deep in the pine forests as the two trudged on toward safety. The paths followed by other SS members on the ODESSA route always led toward the Austrian Tirol; the precise route into Italy depended on the time of year and the pattern of search being conducted by Allied patrols at any particular time. Once in Genoa, the flow of former SS comrades was directed toward the harbor, where they would board boats of various descriptions. When a captain had a full consignment, he would lift anchor on his chartered boat and head for the Straits of Gibraltar. Once through the British bastion he changed course and steamed slowly along the Portuguese coast, rounding the northwest part of the Iberian peninsula at Cape Ortegal, at last dropping anchor in the beautiful harbor of San Sebastian, where his cargo of SS emigrants would file ashore. It was a short voyage, which was repeated by many vessels many, many times, for the flow of SS men was seemingly unending.

General Mueller had a second major escape route, which took some of the pressure off the above described course. ODESSA had the notoriety and the spotlight of sorts, also the status of a commercial self-liquidating corporation, but another version of this underground railway ran across France and over the Pyrenees. It was referred to as Deutsche Hilfsverein—German Relief Organization—and, although it had been set up hurriedly in 1945, it performed an enormously valuable service for the SS men who traversed it. It was not self-liquidating like ODESSA, and the money to run it came directly from SS funds, a source separate from that controlled directly by Bormann, although SS and party money sent to South America had been melded into one solid treasure and the bank accounts that required Bor-mann’s approval at a later date produced friction between Bormann and

Mueller, for in times to come distribution of money was a prime matter on the NSDAP agenda in South America.

With the war in Europe at an end, the struggle for Indochina flared up, and the French began recruiting unemployed German soldiers for their armies in the land later to be known as Vietnam. In the chaos of 1945 the only negotiable skill many a German ex-soldier had was training in warfare. The French were in the market for that, and set up recruiting stations in Metz for their Foreign Fegion. Former German soldiers flocked to sign up for a stretch of soldiering in French Indochina. The situation was exactly right for General Mueller and his associates. They intermingled their SS veterans with the ordinary Wehrmacht recruits; thus, on every French truck headed south in convoy were many SS men. All had new papers provided by the SS documentation section, and now they also carried French enlistment papers that enabled them to cross France with impunity. The truck convoys would go to Bordeaux or Marseilles, depending on French shipping conditions, the ultimate destination being North Africa, where training would begin. However, once in either of the French port cities, the SS men would skip away from the truck convoys and be guided by French policemen to a new departure point. These were the police who had worked during four years of occupation for Mueller and the Gestapo and they were still loyal, particularly so when the effort expended was minimal and the under-the-table pay was high. If a Foreign Fegion truck convoy was destined for Bordeaux, the SS men would be guided over the Pyrenees, and through coastal towns to San Sebastian. If the destination, on the other hand, was Marseilles, they would be placed aboard small fishing boats that would round the Iberian peninsula and land them at San Sebastian, the terminal point for both ODESSA and Deutsche Hilfsverein. Here they waited for the next stage of their movement, which was overland to the small port of Vigo on the northwest coast of Spain, due west of Redondela. It was an emotional sight for SS men awaiting departure to see on the horizon the appearance of the chartered transatlantic freighters that were to bear them to exile in Buenos Aires. Ten thousand SS officers and soldiers passed along this way. But the number of Germans who went to South America, both along these two routes and by less organized means after Martin Bormann had declared his flight capital program in August 1944, totaled 60,000,

including scientists and administrators at all levels, as well as the former SS soldiers commanded by General Mueller.

The most unsavory SS officer to take advantage of ODESSA was Adolf Eichmann. It was in 1950 that he made contact with the organization, which saw that he reached Genoa safely; here he received a refugee passport in the name of Ricardo Element along with a visa for Argentina. The Nuremberg Trials had thoroughly frightened him. He testified later, “My name was mentioned several times there, and I was afraid there might be more thorough investigations which would reveal my identity. I became particularly alarmed after Dieter Wisliceny’s testimony, which leveled all kinds of accusations against me.” Eichmann had been taken prisoner of war by American soldiers at the beginning of August 1945, giving his name as Waffen SS officer Otto Echmann. With his true name receiving such prominence at Nuremberg, Eichmann spoke with Lieutenant Colonel Offenbach, senior German officer of the prisoners of war. Eichmann requested authority to escape, and a meeting of officers was called to deliberate this; they approved it. They helped Eichmann by giving him new identification papers in the name of Otto Heninger, and one of the officers handed him a note to his brother in Kulmbach, recommending that he find Eichmann a job in forestry. Eichmann escaped and arrived in Celle early in March 1946, where he stayed, working as a forester for four years. But his name was continually mentioned as the monstrosity of his crimes emerged. An odd sidebar to this bit of sad history is the fact that Heinrich Mueller, who had been recruited into the Gestapo by Reinhard Heydrich from his position as inspector of detectives in Munich, had first been assigned to the Jewish desk in Berlin. Mueller was a professional detective and wanted no part of the Jewish problem. He was working in his modest office in Gestapo headquarters when this self-effacing lieutenant entered who had recently been assigned to the Gestapo and was looking around for something to do.

Mueller, on the job only three days, immediately told Lieutenant Eichmann that the Jewish desk was his permanent assignment, then left for lunch, relieved, and very pleased with this turn of events.

Adolf Eichmann in 1950 did not use the port of Vigo to escape. That means had wound down, and he set sail for Argentina on the Italian ship *Giovanna C.,* arriving in Buenos Aires in the middle of July 1950. Unlike many fleeing Nazis, he reached Argentina with scant funds. He went from job to job, after running a laundry in the Olivas quarter of Buenos Aires that shortly went bankrupt. Through his Nazi connections he obtained a position with the German banking firm of Fuldner y Compania, at 374 Avenida Cordoba in Buenos Aires. This firm had established a subsidiary known as CAPRI—Industrial Planning and Development Company—to develop hydroelectric power in the Tucamin region in the outskirts of Buenos Aires, and Eichman was transferred there. From Austria his wife Vera and their three sons joined him in 1952; a fourth son was born in Argentina. A friend of Eichman/Klement who knew his real identity prodded him to shift to Bolivia and work for the state security services in that country. Eichmann is said to have responded, “When I hear those words ‘state security services,’ my appetite for killing is whetted all over again.” In 1960 he was captured at dusk outside his modest house in the San Fernando district of Buenos Aires by the feared Mossad, and transported on an El A1 passenger plane to Tel Aviv, there to stand trial at last for crimes against humanity. After imposition of the death penalty, his remains were cremated, with the ashes scattered over the Mediterranean. He had confided to Israeli interrogators that he assumed his presence in South America had been leaked, that he had been betrayed to distract attention from the pursuit of higher-ups, and it is likely that he was right, for his continuing notoriety in the newspapers of the world was disconcerting to Nazi leadership in South America. They were leading a well-ordered life, and wanted to keep it that way. During the uproar in 1960 and the trial that followed in Tel Aviv, there was considerable friction between the Jewish and German communities in Buenos Aires, but it finally tapered off, with a mutually accepted feeling that it had all been for the best.

But back in early 1947 a German of immense notoriety and importance waited his voyage to freedom. Martin Bormann, in the Dominican monastery of San Domingo, chafed under the constraint. Finally, the ship arrived to take him to South America, and he made his way at night to the harbor of Vigo. A rather sizeable freighter had been loaded with produce and other foodstuffs of Spain and with the most recent contingent of fleeing

SS men. The last aboard was Party Minister Bormann, who went directly to the modest suite reserved for him. He watched the hills of Spain recede in the distance, and thought wistfully that this was the last view he might ever have of the European continent. Certainly he would not be returning to this province of Galicia, where many fascists who had fled France and Belgium now resided in exile, such as Leon Degrelle, once the leader of the movement "Rex," who dwelled in a house in the mountains of Asturi, overlooking San Sebastian.

A strange footnote to the true tale of Bormann's stay in the Dominican monastery of San Domingo is the suspect fire that destroyed the archives in 1969. Mueller, ever the supercautious protector, became aware that Israeli agents were backtracking Bormann's escape route. I have been told they wanted to discover what Catholic priests and bishops might have aided Bormann in his escape, intending to use this information to embarrass the Vatican. The only evidence of record that Bormann had been sheltered in this Dominican monastery was the *Book of Visitors* he had signed the night he arrived. Twenty-three years later fire broke out in the very shelves where this book was kept, and all was burned up.

When the large freighter carrying Bormann and a contingent of SS officers and soldiers steamed into the harbor of Buenos Aires in the winter of 1947, the anchor was dropped in the waters of the south quay near Riachuelo, one of the tributaries of the La Plata, named by the conquistadores for what it means, "silver." The ship did not come close to the piers, where enormous cranes and swarming dockworkers unload cargoes, but as dusk fell a small fleet of boats began ferrying the passengers and their belongings to shore. At sea, each SS man had been supplied with new identity cards, courtesy of the skilled engravers of Concentration Camp Sachsenhausen, passports bearing appropriate visas, and written instructions as to where each was to stay once ashore. Some were dispatched to rooming houses and others to obscure hotels, while still others traveled by public transportation to inland cities and towns, or even to adjoining countries. Jobs had been found for all, either in the companies Bormann had established in 1944 and 1945 or in older German corporations that had been doing business in Latin America for a number of years. All those who debarked from the vessel either had with them or were issued a modest sum of cash, sufficient to

carry them until the first payday. None of them actually saw Bormann on the ship, save for the captain and several Nazi VIPs who came aboard the night of arrival. Their reception was warm and friendly, and the local NSDAP leaders knew that they were speaking with the official successor to Adolf Hitler, the Party Minister and Reichsleiter whose orders they would obey implicitly in the years ahead.

Martin Bormann entered a country with a political climate favorable to him. Argentina had been under the dictatorial governance of Juan Peron ever since he and his associates had been victorious in a historic coup on June 4, 1943; then, in June 1947, he was voted by an overwhelming majority into power, despite the intense and overt opposition of the United States. He was to be driven from the presidency and from Argentina in September 1955, but in the interim years he did more for the ordinary man, the "shirtless ones," than had any leader in Argentine history. While doing all this good he banked an illicitly derived fortune in Switzerland, estimated by reliable sources as around $500 million, of which around $100 million was thanks to the Bormann organization. He was a charismatic figure, as president and in exile in Madrid, and was returned to power in 1973, a year before his death in 1974. In this country of 22 million, Italy and Spain have contributed the most immigrants, followed by Britain, Poland, France, Russia, and Germany. There are also in Argentina 700,000 Lebanese and 450,000 Jews, but it was the British who achieved economic dominance, at least until Peron came to power, investing as they did in shipping, banking, insurance, and the railways. British influence declined under Peron. He expropriated the British-owned railways, paying L150 million, bought out American telephone interests for $100 million, and nationalized the airlines, shipping, and local transportation. As British influence declined, German authority increased. Peron was for Adolf Hitler all the way, believing until the last that the Axis powers would win the war. His private secretary was German, the son of a Nazi, and throughout his time of power he felt most at ease with Germans. Because of his admiration of Hitler, he learned German while a young military attache in Italy: his purpose was to be able to read *Mein Kampf'm* the original.

The influx of German industry and investment boosted the Argentine economy, and the new German money flowing into the German-controlled

banks in Buenos Aires for safekeeping and profitable investment under the Bormann flight capital program indicated to Peron that a new prosperity lay ahead for his country. The arrival of Martin Bormann in person was an event of significance to him, and in low-key meetings with Hitler's successor both agreed to work for the development of a new, modern Argentina. Peron was obviously fascinated at hearing firsthand all about the last days of Adolf Hitler, and he remarked to a confidant that here was a fellow who could still do much in the years ahead for German prosperity as he promised to do for Argentina. Both realized that the capture of Bormann was a clear and ever present danger, and so Peron instructed the chief of his secret police to give all possible cooperation to Heinrich Mueller in his task of protecting the party minister, a collaboration that continued for years. It became somewhat frayed around the edges after Peron left for Panama and then exile in Madrid in 1955, but Mueller today still wields power with the Argentinian secret police in all matters concerning Germans and the NSDAP in South America.

On June 16, 1948, President Truman became involved in the hunt for Martin Bormann. Robert H. Jackson, who had once taken a leave from the Supreme Court to serve as U.S. chief prosecutor at the Nuremberg trials, wrote to the president that a quiet search should be made by the FBI for Bormann in South America.

"My suggestion, therefore," he wrote, "is that the FBI be authorized to pursue thoroughly discreet inquiries of a preliminary nature in South America. ... I have submitted this summary to Mr. Hoover and am authorized to say that it meets with his approval. You may inform him of your wishes directly or through me, as you prefer."

The presidential authorization was given, and John Edgar Hoover assigned the investigation to his most experienced and skillful agent in South America, who proved that he was just that by eventually obtaining copies of the Martin Bormann file that were being held under strict secrecy by Argentina's Minister of the Interior in the Central de Intelligencia. When the file (now in my possession) was received at FBI headquarters, it revealed that the Reichsleiter had indeed been tracked for years. One report covered his wherabouts from 1948 to 1961, in Argentina, Paraguay, Brazil

and Chile. The file revealed that he had been banking under his own name from his office in Germany in Deutsche Bank of Buenos Aires since 1941; that he held one joint account with the Argentinian dictator Juan Peron, and on August 4, 5, and 14, 1967, had written checks on demand accounts in First National City Bank (Overseas Division) of New York, The Chase Manhattan Bank, and Manufacturers Hanover Trust Co., all cleared through Deutsche Bank of Buenos Aires.

The surveillance report of Martin Bormann's movements stated the following, in brief:

SPECIAL INFORMATION BULLETIN

MARTIN BORMANN

German Nazi politician, born in 1900, in Halberstadt, Magdeburg, Germany. Titular head of the National Socialist party. The Nuremberg War Crimes Tribunal sentenced him to death, along with other criminals of the Third Reich. Came to Argentina in a clandestine manner, disguised as a Jesuit priest, arriving from Genoa, Italy, with false papers, around 1948.

CASE CHRONOLOGY

1948

Bormann was seen and identified in the federal capital. (Information given by Doctor Pino Frezza, an Italian doctor who met Bormann on an occasion when Bormann accompanied the Fiihrer— S.I.R. No. 0318.) Bormann made contact with a former German army officer at the ABC Brewery, at 500 Lavalle Street, in the federal capital. (S.I.R. 01319. Juan Felisiak.)

1951

Bormann went to Parana, in Entre Rios province, where he was once again interviewed by the engineer Juan Felisiak, during a brief trip Felisiak made to Entre Rios Province, where Bormann was concealing

himself by mixing with the abundant colony of Germans, Croatians, and Poles.

The same year, he went to Brazil. Existing versions show that he situated himself in the impenetrable jungle in Mato Grosso. In his comings and goings in Argentina, he used various pseudonyms, one of them being Juan Gomez. Under the cover of this name, in 1948, Martin Bormann received the bulk of the treasure that had made up the financial reserve of the Deutsche Bank, whose last owner, Ludwig Freude, had died of poisoning. Other pseudonyms were Jose Perez, Eliezer Goldstein, and Bauer. (Report S.I.R. No. [?] 320, Tadeo Karlikosky.)

Martin Bormann had various children, one of whom, an ordained Jesuit priest, helped his father in his escape from Germany, even going so far as to claim that Martin Bormann had died in 1945—a lie calculated to interfere with the search for the war criminal.

It is known that even though Martin Bormann divided his permanent residence more or less between the states of Mato Grosso and Santa Catalina in Brazil, he made frequent brief trips to various localities, such as Paraguay; Valdivia, Chile; and Bariloche and Asochinga, Argentina. In the last-mentioned place, in the province of Cordoba, he made contact with the central command of Arana, an organization founded in a distant prisoner-of-war camp, among German prisoners, for the purpose of providing aid and protection to Nazis throughout the world and resurrecting the "ideal" of national socialism.

1953/54/55 and 56:

In this last year, he was identified by a woman in Sao Paulo, Brazil. He visited Bariloche once.

1957

Bormann stayed in Brazil and curtailed his travels to Argentina, because in that year Israeli agents began infiltrating the last-mentioned

country in search of war criminals, who by now had begun to lose some of the support they once enjoyed.

1958/59

Bormann is now living on a solitary farm near Curitiba, Brazil.

1961

In this year, using the pseudonym Bauer, he attended the Ali Baba nightclub in Asuncion, Paraguay, apparently in the company of Mengele.

He was now lost to sight, disappearing into the area known as Swiss Chile. More or less bounded by the Pacific Ocean, the Argentine border, and the cities of Valdivia, Chile, and Bariloche, Argentina.

SPECIAL INFORMATION BULLETIN NUMBER 3

MARTIN BORMANN

He was born in Halberstadt, in the district of Magdeburg, Germany. He was leader of the Nazi party council. The Nuremberg War Crimes Tribunal sentenced him to death.

He had various sons, one of whom, an ordained Jesuit, circulated the story of Bormann's death in 1945, a lie calculated to put an end to any search for the criminal.

His birth was registered in the year 1900. He was considered Adolf Hitler's right-hand man and was mentioned as a possible successor to Hitler, when the conflict ended.

Like other fugitives, he entered Argentina in 1948, coming from Genoa on a second-class ticket, with forged Vatican documentation. (This had all been made possible by an organization called La Esclusa, which facilitated the exit of various fugitives.)

Between 1943 and 1945, Martin Bormann had maintained contacts with Heinrich Doerge (councilor of the Central Bank of Argentina), Ricardo Von Leute (Director of the German. Trans-Atlantic Bank), Ricard Staud, and Ludwig Freude—names associated with the annals of Nazi treasure.

At the end of 1943, Martin Bormann prepared to put into force Operation Tierra Del Fuego, which involved transporting large quantities of gold, money, stocks, paintings, and other works of art to Argentina via submarine. However, owing to the staggering situation of the German armies, all terrestrial routes were cut off. Bormann therefore (counting on the collaboration of the Argentine government) decided that the transfer of this treasure should be accomplished via night flights from Berlin to Madrid and thence to Buenos Aires. (Even after the fall of Germany, submarines arrived at Mar de Plata and the vicinity of Patagonia and unloaded mysterious merchandise.)

At one point, Martin Bormann slipped his diary into the pocket of a cadaver, in an attempt to create the impression that he was dead. The subterfuge was discovered, however.

In 1948, it was noted that he passed through Buenos Aires. According to reports DAE 356/48 and DAE 481/50, he was observed in the street, when he ran into Doctor Pino Frezza, who recognized him, having met him in Germany (to be precise, in Berlin, during Hitler's visit to a brewery). The person who reported observing this chance meeting was an engineer, Juan Felisiak. The meeting took place at 500 Lavalle Street.

Later he went to the city of Parana, where Jan Felisiak saw him again. In Parana he called himself David. He stayed there until 1951.

Bormann moved to Santa Catarina, Brazil, where he used the pseudonym Eliezer Goldstein. Here, he was intensely active coordinating the activities of the German colonists in Paraguay, Argentina, and Brazil. However, all indications are that his permanent residence is at Mato Grosso, where a large number

of fugitives, refugees, and delinquents live. This is where Martin Bormann maintains contacts with couriers of the well-known organization called La Arana, which is dedicated to providing help for all Nazi fugitives. In fact, Bormann is known as the Fiihrer of South America, since, according to various versions, he made it possible for the Nazis to salvage a great deal of money, gold, valuable objects, and works of art, with the result that fugitives who escaped from the tribunals and prisons of Europe are able to live without major difficulty.

At the end of 1954, Martin Bormann was seen in Mina Clavera, Cordoba, in the company of two men with Spanish surnames. He was calling himself Jose Perez. He arrived at the hotel in Mina Clavero suffering from stomach problems and requested that the hotel manager bring him medicine for gastritis. One of his companions, named Jimenez, made a trip to Rio Zeballos with the owner of the hotel. He took certain documents with him, and once there, he received documents for Martin Bormann-Perez.

The hotel manager overheard some conversations, in which the names of the cities of Bariloche [Argentina], Valdiva [Chile], and Sao Paulo [Brazil] were mentioned. Later, when he handed "Perez" a glass of milk, the hotel manager realized that this was actually

Martin Bormann. The hotel proprietor began to think that these people must have very important characters backing them, so he made the circumstance known to an agent of the S.I.R. (Cordoba sector) and went with the agent to Rio Zeballos, where Bormann and his friends were headed.

With the fall of the Peronista government, an evident gathering of the Nazi element began to descend on Chile, Paraguay, and Brazil, particularly Brazil. So it was that in 1956 Martin Bormann was in Sao Paulo, where a large number of addicts of the Nazi philosophy were gathering, little knowing that they would not find here the accommodation they had so long enjoyed in Argentina.

In Sao Paulo, Bormann linked up with members of the Odessa organization, which existed to give aid to former SS soldiers. Odessa was a branch of La Arana.

Martin Bormann now adopted the name Goldstein. He tried to hide permanently, since Jewish elements were frequently around, painstakingly looking for Nazi war criminals who were attempting to elude justice.

In the streets of Sao Paulo, Martin Bormann was recognized by a woman who knew him, so he rapidly left the city and the Nazi group that was developing power in the triangle of Argentina, Paraguay, and Brazil.

In 1957, he was seen in the city of Bariloche, where again he was developing and coordinating Nazi activities. He always hid under a Jewish last name, to escape the attention of the Israeli commandos, who operated more freely in Argentina now that the Nazis no longer enjoyed the support they had had during the Peronista era.

From Bariloche, Bormann went to Valdivia, apparently to acquire a farm or to establish contact with a secret Nazi organization that operated in the south of Chile.

In 1958, Bormann stayed at his secure residence in Mato Grosso, but the following year he went to Paraguay, where a former Wermacht member observed him in a meeting with Doctor Josef Mengele, a Nazi who practiced medicine in Argentina and who, like Bormann, was sought by the Israeli secret services. This meeting took place in Hohenau, a town practically founded by German colonists in this zone.

Bormann and Mengele headed for Asuncion, Paraguay, because Bormann was ill. His health became worse, and a doctor was called. Doctor Otto Biss, a resident of Asuncion, examined Bormann and Mengele. He observed that Bormann had a scar on his forehead and that, other than a recurrence of his gastritis, he was in good health. This is how it was established that Bormann was in Paraguay, well guarded by Colonel Arganas, who controlled all the

contraband operations between Asuncion and Sao Paulo—operations conducted by former German flyers.

In 1961, Bormann went from Mato Grosso to the city of Iguazu, staying at the house of a former SS soldier. He stayed scarcely three days, since he never stayed in one place for long. He didn't trust anyone and nearly always traveled alone, seldom with a companion.

During the following years, apparently, the trail of Bormann was lost, even though there was always news of the activities of Doctor Mengele in Paraguay, where he developed intense activities. The situation with Bormann was quite different—he could rely on the enormous amounts of money he had invested in different firms, and therefore, he didn't have to work and could concentrate his efforts on staying hidden, protecting himself, and continuing to encourage the Nazi ideology. All those who had the opportunity to meet him agree that Bormann was a notably astute man.

It was evident that since the capture of Adolf Eichmann, another Nazi criminal, the activities of Jewish groups were intensifying.

In 1964, Bormann was again seen, in the area of Villa Ballester, at a brewery frequently visited by Germans. The informant in this case was T. Karlokowski, a well-known swindler who sold bogus gold coins. Karlokowski used to travel among these neighboring countries, and therefore, he was able to find out that Josef Mengele was well protected by Colonel Arganas of the Paraguayan army and that he was involved in selling agricultural machinery.

Karlokowski found out that it had been a long time since Mengele had seen Bormann. On an unusual occasion, however, the engineer Juan Felisiak, a friend of Karlokowski, told him that Bormann was in Villa Ballester. Karlokowski proposed a business deal with Bormann, since he had plenty of money, but the engineer was not agreeable.

In that event, they ultimately found themselves at the same brewery when Goldstein (evidently Bormann) appeared. He was accompanied by a young blond man, apparently a German. The salutations were

short. Bormann said that on the following day they were heading south again, to a farm in Patagonia.

Again, Bormann's trail was lost. In 1968 he turned up in the medical offices of Doctor Francisco Ubistondo, on Arenales and Pueyrredon Streets. He was suffering with hepatitis-related pain. When Doctor Urbistondo commented on the German's case with the informant Zuccarelli, the latter reported it to agent Rodriguez. Rodriguez showed a photograph of Bormann and Mengele to the doctor, who identified Bormann as the sick man he had attended in his consulting office.

But his movements in more detail, as reported to me by trustworthy confidants, showed that Martin Bormann remained for only a short time in Buenos Aires. He moved to a mountain retreat in the Argentinian Andes, a 5,000-acre cattle and sheep ranch about 60 miles south of San Carlos de Bariloche, and lived there until Juan Peron was forced from power in 1955. At that time Mueller thought it advisable for Bormann to leave the mountain hideaway, so the party minister was transported over the Andes to Chile to another remote house for two years. Throughout this period, Mueller kept receiving information that Bormann continued to be the object of an international manhunt. British, American, and West German agents sought him, but not too hard. The Bormann organization had many commercial and political links to the capitals of these three nations, and real clout was available should the chase become too hot. The CIA could have pulled aside the gray curtain that obscured Bormann—at any time. But the CIA and Mueller's crack organization of former SS men found it to their mutual advantage to cooperate in many situations. There is no morality in the sense that most of us know it in the strange world of professional secrecy, and when it was to the advantage of each to work together they did so. For example, Klaus Altman, the so-called Hangman of Lyon, France, was recognized in Lima, Peru, as Klaus Barbie by a Frenchwoman who has made a career of pursuing Nazis, although she was only five years old at the time of the occupation when Altman-Barbie was an SS officer. Altman, upon his return to Bolivia, where he is a Bolivian citizen and director and stockholder of Transmaritime Boliviana, a shipping company partly owned by the Bolivian government, admitted that he was Klaus Barbie. But, he said, "I was an officer in a regular army in a formally

declared war." He added that both American and French authorities had questioned him after the war, doing nothing to hinder his emigration to Bolivia in 1950. Yet he became a cause celebre after Mrs. Beate Klarsfeld, an official of the International League Against Anti-Semitism and Racism, announced his identity. Georges Pompidou of France was then forced to become involved and to take a stand, offering $4 million to the Bolivian government for the extradition of Barbie. It was refused. Barbie had participated as a Gestapo officer in the destruction of the two underground resistance networks, "Prosper" and "Scientist," in 1943, which resulted in the death of Jean Moulin, a French resistance hero. In South America, Altman-Barbie was under the protection of General Heinrich Mueller, and in certain instances had worked for the CIA, so his sponsorship was impeccable and incontrovertible, and he continues to enjoy immunity from arrest.

Mueller never leaves Latin America, but his agents roam the Americas and Europe. They provide protection for the NSDAP leadership in exile who can still manage to travel to Madrid, Sweden, Switzerland, France, Italy, or North Africa, and they have been known to take on lucrative secret police assignments. When Colonel Nasser became president of Egypt, he asked the CIA for assistance in establishing a similar organization in his country. The CIA did not wish to become involved, and so referred him to General Gehlen, then chief of the West German federal intelligence organization, which was in fact maintained by the CIA. But Gehlen ducked the request, suggesting that former SS General Otto Skorzeny, son-in-law of Hjalmar Schacht, one-time Minister of Finance for Hitler, should be approached. Skorzeny, who made his headquarters in Spain, did not want the assignment either, for he was doing too well as an engineer and businessman in Spain, and was also owner of a large farming establishment outside of Dublin. But, urged by Schacht, he had Heinrich Mueller in Brazil send him a team of secret police specialists, who all arrived in Cairo as a German mission led by Skorzeny, who promptly returned to Spain after introductions had been made. Mueller's team established such an effective intelligence service for Nasser, known as the General Intelligence Service, that Colonel Qadhafi of Libya, then the new revolutionary leader of his country, asked Nasser to make the German team of advisors available to him also. This was done, and upon arrival the Germans started with a

thorough housecleaning of the Libyan secret police hired by the previous ruler, King Idris. Two thousand Libyan police were put in jail and continue to languish there today, and the Germans rebuilt from scratch. Today Libyan intelligence agents are stationed in all Libyan African and overseas embassies and consulates, and they are tough and ruthless., Perhaps as a quid pro quo to this service to Libya, the Colonel granted the West German rocket company Ortag rights to a vast test range 600 miles south of Tripoli in 1980. An attitude of benevolence toward Bormann, the German who created so much commercial activity for them, is held by Brazil, Bolivia, Argentina, Uruguay, and Paraguay. In the last named country, the son of a Bavarian cavalry officer, President Stroessner, cooperates with the United States military authorities and with the CIA, as he does with Bormann and his representatives. During the Vietnam war, President Stroessner permitted the U.S. Army Chemical Corps to send in teams of 2,500 men and CIA agents to carry out field tests, in the Mato Grosso jungles of Paraguay, of chemicals for use in Vietnam. In one instance, several American soldiers became casualties when they were accidentally sprayed with the gas. They were taken to a Paraguayan military field hospital; the doctor who treated them was Josef Mengele, now a Paraguayan citizen and an officer in the Paraguayan Army Medical Corps. Under Mengele's treatment all soldiers recovered. None, of course, knew the true identity of their medical benefactor. The Israelis have tried repeatedly to extradite Mengele, who was the notorious doctor of Auschwitz concentration camp. But when President Stroessner is approached through diplomatic channels for such a purpose, he responds: "Shall I also expel the 1,500 Jews who have made a good life for themselves in Paraguay, and who have contributed so much to our economic growth?"

Despite the assistance Martin Bormann has received from various leaders in Latin America since his arrival, including help from members of U.S. embassies and consulates and several CIA station chiefs, Heinrich Mueller continues to exercise extreme caution in protecting Bormann. In 1955 and again in 1957, following the transporting of the party minister to new locations, he leaked the story of Bormann's "death," repeating the old ploy of providing a body in a grave marked "Martin Bormann." Each time an exhumation took place it was found to be the remains of a deceased

Indian, although one was that of a Jewish person, an Israeli agent who had gotten too close to his target.

In 1957 Mueller established Bormann on a remote plantation at the southernmost tip of Brazil, at a point that touches Paraguay, one mile inland from the west bank of the Parana River and 15 miles north of the Paraguayan border. It was a drab, depressing plantation area, but a natural fortress, stretching in a rectangle 40 miles along the Parana River, 100 miles inland from the sea. To the east it was protected by the river, which at that point is ten miles wide. To the south it had the impenetrable jungle for protection; the all-but-impassable pathways one would take to approach the plantation were guarded by Indians whose role was to alert the SS guards. The settlement was known as Kolonie Waldner, and SS men I have talked with who were with Bormann then spoke of the heat and the general lassitude there. Food and other supplies were brought by river boat, then trucked inland to the colony. Visitors came and went by Piper Cub, which upon landing would taxi up to a large hangar and disappear from view. A bowling alley down one side of the hangar provided about the only recreation, but the SS men I interviewed said that the best German cooking in the world was provided by former SS mess sergeants, and that this was an incomparable feature of the dining room. To quote one: “Still, it was small consolation for being stuck in such a place. We worked to construct proper housing, but it was hard to put out of one’s mind the memories and thoughts of Germany and the good days of long ago.”

Martin Bormann continued to conduct his complex business affairs from Kolonie Waldner by remote control. A cadre of skilled professional business administrators would periodically return to this dismal, isolated area and make their reports on investments and on the prosperity and growth of the corporations they controlled in so many different countries. Bormann appeared very much the plantation overseer, with boots, white pants and shirt, and a wide-brimmed panama hat. Such a hat, I am told, along with being protection from the ubiquitous hot sun, was also protection from poisonous spiders that dropped from trees. I asked one of my SS informants why they didn’t use poison gas as the Americans had done in the Mato Grosso to defoliate the trees and exterminate the spiders. His bitter reply: “We used up all our poison gas during World War II.” The

plantation stay finally ended, and Bormann was moved again to the high mountains of Argentina that border Chile.

The hue and cry had died down. An occasional journalist would take up the hunt, but would be tracked by Mueller's men. At one point in time, NBC News in New York sent a news team to South America. But NBC News abandoned the principles of journalism when it made this a combined operation with Israeli secret agents and a Zionist organization in South America. It is probably still unaware that Mueller had penetrated the Zionist group, and that every step taken was known to him beforehand. It was quite impossible—and still is today—to surprise Mueller and therefore Bormann. They have a fail-safe system of protection that dates back to World War II when the espionage agents of Germany, Japan, and Italy were operating effectively throughout the Western Hemisphere; this is part of the infrastructure to which they became heir, which serves them today.

The German fifth column in South America was far-reaching and effective, and when the war ended in Europe agents and station chiefs were instructed to stay in position and await further orders. They were to continue in their commercial careers as cover for the work they would be called on to perform: assistance to the 10,000 veterans of the SS who would need relocation help as they poured into Buenos Aires and fanned out to various nearby countries, and full cooperation with Reichsleiter and Party Minister Bormann and the other 50,000 German VIP's of industry and research. All members of the NSDAP in South America were familiar with the *Organization Book*, which they had been receiving from Berlin for some years as leaders of local chapters of the (overseas) Auslands-Organization. A basic element in the book dealt with the relationship of members to the Principles of Obedience:

Through his incorporation in the NSDAP the brother or comrade *(Parteigenosse)* **promises to maintain an unchangeable fidelity to Fuehrer Adolf Hitler and unconditional obedience to the leaders whom he shall designate.**

How extensive this Nazi apparatus was during the war years, and how it was able to guard and assist Martin Bormann after his arrival in South

America in 1947, was spelled out by J. Edgar Hoover, head of the Federal Bureau of Investigation.

In a 1943 report prepared by the U.S. Federal Bureau of Investigation, whose wartime responsibility had been extended to spotting Axis agents and their activities in all Latin American countries by order of President Roosevelt, the FBI stated:

After the rupture of diplomatic relations with the Axis by various countries of Latin America, the Axis began to use Argentina as the base of its espionage and sabotage activities against all American nations. It had been established that from this base of operations the Germans have spread the net of their subversive organizations to at least ten American countries, and that as a result of their work a large number of American lives, considerable American property, and the lives and property of the citizens and countries of the united nations which are engaged in the struggle against the totalitarian powers have been lost.

Argentina was an ideal base for such espionage and sabotage tactics against other nations of the Western Hemisphere. The FBI also reported that “the following are the American republics and territories directly affected by the activities of the German espionage ring, directed from Argentina: Brazil, Colombia, Cuba, Chile, Ecuador, the United States of America, Mexico, Paraguay, Venezuela, Aruba and Trinidad.”

The German espionage service in South America reported directly to the German High Command in Berlin, whence they received their instructions to send all possible information in the following main categories: ship arrivals and departures; movements of warships of the United States and England; imports and exports; U.S. armaments and industries; political data; weather reports; movements of American warplanes being ferried to Africa via Natal; operation of Pan American Airways; war effort of the United States; Panama Canal; defense measures in the United States and Latin American countries; sabotage of English ships; and convoys of merchant vessels.

The activities of German, Japanese, and Italian agents operating as separate cells in each country always revolved around an important clandestine radio

station that transmitted their information in code to receiving stations in Hamburg, Germany. Japanese data was forwarded to their embassy in Berlin which then transmitted to Tokyo. Other information was sent by mail, with messages written in disappearing ink, or reduced to the size of a microdot on a written page. Nazi Party members and German commercial companies also served as transmission agents of espionage reports to the German High Command. By having agents working in tight groups in each of the countries, usually unknown to each other, the Germans had the distinct advantage that when the individuals of one group were identified by the FBI, or by the national secret police of a Latin American country, the other groups or cells were not generally affected, and were able to continue their operations without interruption. Brazil was at one time the center of Axis espionage, but when restrictive measures were taken by the Brazilian government, Argentina became the predominant center.
Easy access to funds is vital to successful espionage, and when Brazil began to take countermeasures against this fifth column, the local field man for the FBI in Rio de Janeiro reported to J. Edgar Hoover in Washington that on October 3, 1942, the sum of 638 million pesos had been sent by Axis agents from Brazil, Bolivia, Peru, Uruguay, and Paraguay for deposit in the Banco de la Provincia de Buenos Aires.

Germany, of course, had a profound and quite critical interest in the rising war production of the United States. Nazi agents infiltrated all U.S. plants in which bombers and fighters were being produced and the information gathered by these employees was transmitted to Buenos Aires, where it was relayed to the mammoth wireless receiving station in Hamburg that pulled in messages from agents throughout the world.

In Buenos Aires, an FBI field agent pinpointed the chief of the clandestine radio group in that major South American capital as “Friedrich von Schultz Hausmann, manager of the firm of Bromberg y Cia., at Bernardo Irigoyen 330.”

In 1941 the German espionage service had transferred von Schultz Hausmann from Chile, where he had been manager of the Lloyd Norte Aleman in Valparaiso, while serving as head of German agents there. When he moved to Buenos Aires to assume a more important position, he

informed his Chilean intimates that they could reach him through post office box number 386, the one used by Bromberg y Cia. He cautioned that they must write in secret ink or by cable code to his new cable address "Alegre." Hausmann's close friend in Argentina was Walter von Simons, head of the news agency Transocean, which Dr. Goebbels had used as a conduit to spread his propaganda to the newspapers of South America.

The Nazi Party was effectively represented in all Latin American nations. Mexico, as one example, had its German National Socialist Labor Party, which controlled the public as well as the private lives of all Germans living in Mexico. The party was illegal but active; it had divided the country into seven districts, each with its own local Gauleiter. While the NSDAP was outlawed in Mexico, it did have a legal front, the Deutsche Volksgemeinschaft, with the German ambassador, Baron Rudt von Collenberg, as honorary president. Thirteen German clubs of various types were committed to propaganda and espionage, but the overseeing element of all German activity was the Gestapo, under the direction of Georg Nicolaus, a dealer in machinery who took part in the attack on Poland and then was sent first to Colombia, next to Mexico City. The Japanese handled the military intelligence chores for the Gestapo in Mexico because German efforts were directed to the United States and to the more southerly countries of Latin America. To accommodate this additional work, Japanese tourists began arriving in great numbers in Mexico; some were assigned to other South American countries. In Tampico, Mexico, the principal meeting place for German, Japanese, and Italian spies was in the dental offices of Dr. I. Nishimura.

A sustained effort was made by the Germans to win over local folk. In Ecuador, for instance, they had two main objectives: to control the commerce of the country, in association with their compatriots, the Japanese, and to displace "Yankee and English imperialism." Observers of the scene reported that they achieved both, thanks to years of superior, overbearing, haughty attitudes that characterized the Anglo-American companies in their relations with the native population. The Germans arrived as businessmen, explorers, scientific investigators, university professors, and journalists. The German pedagogic missions that came to Ecuador before Nazism, cleared the way for the Third Reich emissaries. A

German school served as the meeting place of the Ecuadorian intellectuals on Saturday afternoons, attended by lawyers, writers, and professors. The school's director was Dr. Max Witt, an Ecuadorian-born son of German parents, and a fervent Nazi. Dr. Witt was also a professor at the Mejia National School and a deputy in the National Congress.

In Colombia, Hans Baumann, a Salesian priest, came to the attention of the FBI; J. Edgar Hoover passed on information regarding him to William J. Donovan, head of the OSS. Hoover reported that Baumann was carrying on activities in connection with an espionage ring that utilized the facilities of a clandestine radio station, PYL, in or near Santiago, Chile. Hoover attached a picture of Baumann and a photostatic copy of his party book indicating membership in the Auslands-Ausweis organization. "The information concerning Baumann has been secured from a confidential, reliable source," Hoover wrote to Donovan.

Hans Baumann was born in Wiesent, Bavaria, on April 21, 1897, and during World War I served in the army, a companion of the young Adolf Hitler in the trenches. He emigrated to Colombia in 1932 and became active in education, achieving the directorship of the Colegio Pedro Justo Berrio of Medellin. During a return trip to Germany in 1937 he had lunch with Hitler and Martin Bormann; back in Colombia he engaged in NSDAP activities and espionage, and utilized the German firm of Fritz Fuhrop and Cia., a Nazi company that represented North German Lloyd, Hamburg-Amerika Lines, and the Nippon Yusen Kaisya Lines. The effectiveness of Baumann's work in Colombia was attested to by a further confidential field report to J. Edgar Hoover: "German Nazis have gained the friendship of many Colombians. It is understood that not only are these German individuals well liked by the Colombians but there is considerable sympathy for their cause. The wife of Schrader, manager of Steinwender Stoffregen Corporation in Pereira, said she hoped and prayed the Nazis would take over Colombia and that the United States would be 'sunk in the seas.'" The Axis population in Colombia at this time totaled 5,844: 4,113 Germans, 1,572 Italians, and 159 Japanese.

In their World War II drive to win the hearts and minds of Latin Americans, and to gain commercial ascendancy, these representatives of the Third

Reich welcomed everyone to their ranks, and this included Jews. But the Jewish immigrants who had come to Colombia to start new lives could not be enlisted by either Germans or Americans. One FBI report stated, “Because of interest in their business they can’t be won for the anti-Nazi fight.” But there was the mysterious Jewish arms merchant, Luis Rochschild, who seemed to precede the advance of the German armies. He left Frankfurt for the Sudetenland and when German armies arrived went on to Prague, always wheeling and dealing. In Prague he transferred large sums of money through Switzerland to New York to Chile. In Santiago he made a business connection with the German import firm of Staudt and Company, Inc., and served this firm, which was on the Anglo-American blacklist, as “front man”; this enabled him to import textiles under his own name from New York and to sell the commodities to Staudt and Company. Front men were a common practice, enabling many German firms to continue doing business despite Anglo-American disfavor. From this group of front men, Bormann selected many who would serve as caretaker administrators of the new companies created for the flight capital program. In Buenos Aires, many members of the Jewish community owe their present prosperity to this predilection of the Bormann organization to use Jewish businessmen as cloaks for commercial operations.

Hoover sent along an FBI report to William J. Donovan:

A Dr. Bernhard Mendel, an Austrian Jew and a naturalized Colombian and also a very wealthy businessman located at Bogota, has been engaged in activities apparently directed toward sabotaging the intelligence efforts of the united nations in Colombia. According to the informant, Dr. Mendel is presently an agent for a German firm in Colombia and is the consignee of American-made products in that republic. While Dr. Mendel has on occasions professed to be an ardent anti-Nazi informant, his professed cooperation in combatting Nazi activities in Colombia has been of negative value. In view of the activities of Mendel, detrimental to the interest of the United States, the suggestion has been advanced that this individual be listed as an undesirable consignee and representative of American-made products in Colombia.

The major German firms of South America were invariably centers for espionage activities. The Bayer Company, a subsidiary of I.G. Farben, whose principal business in Chile was the sale of chemical products, was placed on the American blacklist and prevented from doing business with the United States.

However, it prospered elsewhere and meanwhile in June 1942 the FBI station chief in Chile reported to J. Edgar Hoover: “Werner Siering is the manager and head of the firm in Santiago. Numerous previous reports have been made concerning this individual, indicating that he is an active Nazi agent in South America. The principal directors of this firm are of German nationality and there are also 27 Germans employed in the office.” The report went on to mention other German companies having active participation: Banco Germanico de la America del Sud, Compania Sud-Americana de Vapores, a steamship company, Siemans-Schuckert Limitada, Santiago Gas Company, and “Soquina, which is engaged in the production of gas from coal.”

Argentina by this time was under great pressure from the United States to break relations with the Axis. Instead, she proclaimed her neutrality in 1942. However, in January 1944, Argentina broke off relations with

Germany and Japan over the flagrant espionage that had been taking place within her borders. Still, this was not a commitment to war and the Peron-Farrell junta was shocked into action when the United States and most other countries recalled their ambassadors in the summer of 1944. Then, three months before the German surrender, Argentina officially declared war on Germany and Japan on March 27, 1945, a symbolic gesture only, but it succeeded in normalizing relations with nations of the Allied world who returned their ambassadors, except for Russia. The German and Japanese diplomatic corps had to leave, however. But anticipating such action as a possibility since 1942, Baron Guenther Freiherr von Thermann, a former German ambassador, held meetings on his farm, Isla Verde, in Cordoba province, where an organization was formed that would represent German interests. The names of those constituting this group came into the hands of J. Edgar Hoover, and they show an interesting cross-section of commerce and banking.

ARMY: **Ricardo W. Staudt, former Austrian Consul, especially good relations with the Argentine army. Wilhelm Krankenhagen, party member from the firm Bromberg.**

NAVY: **Rudolf Hepe, harbor superintendent of firm Delfino. Otto Rusche, the German firm of A.E.G.**

HEAVY INDUSTRY: **Dr. Arnold Stoop, board of directors of many German and Argentine firms and farms. Robert Mertig, Bayrische Motoren Werke, Dr. Carlos G. Linck, I.G. Farben, Wilhelm Schulenburg, firm of AFATUDOR.**

BANKS: **P. Peterson, Banco Aleman Transatlantico, R. Leute, manager, Banco Germanico.**

AIR AND GLIDERS: **Walter Grotewald, Deutsche Lufthansa (Condor Line), Joachim Ufflembauemer, firm AFATUDOR, Labor Front.**

EX. AND IMPORTATIONS: **Dr. C. Ernesto Niebuhr, syndicate of German firms, specialist in real estate business.**

SOCIETY: **Theodor von Bernhard, very rich German farmer, Jewish girl friend in Montevideo, Uruguay, Hanni Eisler, an actress. Pays to Nazi party 30,000 pesos yearly. Ricardo W. Staudt, former Austrian Consul. Dr. Edlef E. Hosmann, insurance company of Hosmann & Cia.**

AGRICULTURE: **Franz von Bernhard, brother of Theodor von Bernhard. Erwin Pallavicini, German descent, in sugar business Hilleret.**

SCIENCE: **Dr. Wolfgang E. Centner, of the INAG (Siemens electrical apparatus). Dr. Paul Mehlich, German hospital. Dr. Hanns Merzbacher, son of old German doctor, Merzbacher, German hospital.**

ARCHITECTURE: **Dr. E. Zeyen, of the FINCA (constructors on credit). Dr. Engineer Walter Kossman, manager of the GEOPE, uncle of the former counsellor to the German Embassy. Henn, who is now in Berlin for the German Foreign Office.**

One of the most absorbing operations of the early forties was the clandestine German radio station located in Valparaiso, Chile. This station transmitted to Germany information from Axis agents operating in Chile, Argentina, Peru, Colombia, Ecuador, Guatemala, Mexico, and the United States. The manager of the German firm, Compania Transportes Maritimos, formerly a branch of the Norddeutscher Lloyd shipping concern, operated this illegal and powerful radio transmitter. He was Bruno Dittman, and he had succeeded Friedrich von Schultz Hausmann after he had been transferred to chief of station in Buenos Aires. Both the FBI and the U.S. Office of Strategic Services, under the direction of General William J. Donovan, were concerned about this transmitting facility. The cipher experts of the OSS were able to intercept the messages, but it took time for them to break the code. Meanwhile, a continuous stream of important data from South America and the United States was being sent to Hamburg, and the precise location of the transmitter had yet to be determined. With the permission of the Chilean government, the U.S. Federal Communications Commission sent an electronics expert to Chile to determine the location of this station, which had become known as PYL. The communications expert made several tests and declared the broadcasts were being made from the house of Guillermo Zeller, at Avenida Alemana,

5508, Cerro Alegre, Valparaiso. Zeller, who was the actual transmitter, was an expert radio technician and was using the most modern transmitting set devised, with antennas specially adapted for broadcast to Hamburg. Another PYL went on the air, and the FCC expert determined that it was located at Antofagasta. Then a third went into operation from Buenos Aires with equipment supplied by the Siemens manufacturing organization. This came under the management of Hausmann in the Argentinian capital; Hausmann split his time between his duties at Bromberg y Cia. and the station. Operating such radio facilities and securing agents required a considerable amount of money to make everything mesh. Von Schultz Hausmann, in one message to Germany, instructed them to transmit funds to the account of O. Osterloh in the German Bank of Buenos Aires. Money was also paid to the Japanese diplomat Tadeo Kudo through this account to accommodate him for the work he was doing for the Germans.

The transmitters located and their messages intercepted, the OSS was a step forward. But not until the code had been broken could a deep look into the Nazi espionage system be taken, serving as a lead to agents in the field. The late Elizabeth Friedman, wife of Colonel William Friedman, the master cryptographer who broke Japan's Purple Code, was a gifted cipher expert. She organized the OSS code and cipher operations for Donovan; to her goes the credit for breaking the German code used between the PYL stations in South America and Germany. Once opened up, the messages were found to be a series of businesslike instructions from a home office to agents. The latter sent their information and requested instructions on handling assorted undercover projects. Hamburg was always concerned that all South American agents could prove legitimate employment as cover for spy activities, which underlined the value of German commercial firms in all Latin American countries. One message follows:

April 17, 1942 Hamburg to Valparaiso

IT IS IMPORTANT THAT ESCO, TOM AND FLOR CAN PROVE BUSINESS AND SOURCE OF INCOME.

After the sudden arrest of most German agents operating in Brazil, the intercepts indicated that Germany was very conscious of the safety of its men, as well as wishing to ensure continuous radio communications with its

agents in Chile, the reason it opened up a second PYL, operated by “Pedro” in Antofagasta. This message indicates the concern:

March 26, 1942 Hamburg to Valparaiso

BE CAREFUL. ALFREDO ARRESTED. PLEASE ASK BACH WHICH OF YOUR COVER ADDRESSES HE GAVE TO ALFREDO AND WHOM ALFREDO PASSED IT ON TO. IN ANY EVENT, ABANDON YOUR COVER ADDRESS JUAN, AND DON’T PICK UP ANY MORE LETTERS THERE.

The OSS straightaway learned that Bach was the cover name for Ludwig von Bohlen, air attache to the German Embassy in Santiago. Then a new agent, by the name of “Apfel,” made his appearance on the intercepts.

May 7, 1942 Valparaiso to Hamburg

RECEIVED YOURS OF THE FIRST OF MAY. MONEY FOR A START IS AVAILABLE. HOWEVER NOT FOR THE NORTHERN REPUBLICS OF SOUTH AMERICA GUARD TWO APFEL.

This was of significance to the OSS, because Guard Two was the sabotage section of the German High Command, and Apfel was evidently in charge of sabotage along the west coast of South America.

PYL also handled new mail instructions for letters of delivery to Berlin:

July 1, 1941 Hamburg to Valparaiso

LETTERS FROM SHANGHAI TO SENORITA, PLEASE PUT INTO NEW ENVELOPE

AND SEND BY LATI TO DR. GANZ, BERLIN, CHARLOTTENBURG 4, LIEBEN-STRASSE 43.

Identifying an agent in the field from these intercepts was important to the thrust and parry of this underground war. Once identified, a German agent could be neutralized. An intercepted message indicated that the Germans had in their employ an individual by the name of Clarcke, who was to be

under the general supervision of Walter Giese, chief of the Nazi espionage service in Ecuador. The message stated:

November 6, 1941 Rio de Janeiro to Berlin

CLARCKE CAN BE UTILIZED BY GIESE IN COLOMBIA AND VENEZUELA. HIS POSSIBLE UTILIZATION IN U.S.A. NOT READY FOR DECISION.

Then, unwittingly, this clandestine station in Brazil sent a message to Valparaiso for transmission to Hamburg:

November 14, 1941 Valparaiso to Hamburg

DAUGHTER OF CLARCKE SECRETARY IN U.S.A. EMBASSY QUITO SINCE NOVEMBER ONE.

Clarcke was positively identified as Federico Clarcke Car, residing at Huerfanos 2289, Santiago, Chile. Both father and daughter were picked up.

A profound interest in U.S. aircraft production by Germany was understandable, and Germany continued to ask the PYL stations in South America for an updating on production figures. “To what extent has the construction of the assembly plants in Kansas and Tulsa progressed? When can the completion of the first planes by this factory be expected?”

That German agents in South America complied faithfully with these orders for information by the German High Command is demonstrated by the typical message quoted here:

January 1, 1942 Valparaiso to Hamburg

PRODUCTION OF S03C BEGUN IN COLUMBUS OHIO FACTORY AT THE BEGINNING OF DECEMBER. EMPLOYEES OF ALL CURTISS AIRCRAFT FACTORIES IN DECEMBER TOTAL 27,000. PROPELLER PRODUCTION NOVEMBER, 1,042.

While the information was pure gold to Germany, the usual fate befell many of these hard-to-get messages. All too often, responsible agencies of the

German government ignored their implications. Albert Speer, minister of armaments and war production in the Third Reich, tells of one agonizing scene when he visited the Junkers aircraft plant in Dessau in 1941 to discuss production with General Manager Koppenberg. “After the meeting, Koppenberg led me into a locked room and showed me a graph comparing American bomber production as forecast accurately for the next several years with ours. I asked him what our leaders had to say about these depressing comparative figures. ‘That’s just it, they won’t believe it,’ he said.”

With the war years far behind him, Martin Bormann goes on and on, quietly making history in worldwide financial circles. He was eighty on June 17, 1980, and his chief of security, Heinrich Mueller, was seventy-nine the same year. Bormann today may be likened to the classic chairman of the board of a vast international business complex, of an organization holding greater assets than any private investment house on Wall Street. Bormann, aged though he is, continues to guide the destiny of his financial empire. But he is sufficiently prudent and fore-sighted to realize that the assets he controls must be placed in younger hands, and today the leadership council of the senior NSDAP group is reflected in a younger generation, comprising professional managers, lawyers, and financiers, who are calling the shots as money and trade are moved among the markets of the Americas and Europe. Their organization holds the bearer bonds that give him a voice in banks and industries of Germany, and likewise they hold blue chip stocks in U.S. heavy industries and chemical companies. They are represented too on the boards of corporations in France, Belgium, Holland, Sweden, Luxembourg, and Switzerland, as well as in a myriad of other countries, including those in their bastion, Latin America. Their management is of the best and the companies they operate return a profit to everyone involved, from the West German government in corporate taxes and increased trade, to the shareholders of all companies that participated so long ago in Reichsleiter Bormann’s flight capital program.

Since the founding of Israel, the Federal Republic of Germany had paid out 85.3 billion marks, by the end of 1977, to survivors of the Holocaust. East Germany ignores any such liability. From South America, where payment

must be made with subtlety, the Bormann organization has made a substantial contribution. It has drawn many of the brightest Jewish businessmen into a participatory role in the development of many of its corporations, and many of these Jews share their prosperity most generously with Israel. If their proposals are sound, they are even provided with a specially dispensed venture capital fund. I spoke with one Jewish businessmen in Hartford, Connecticut. He had arrived there quite unknown several years before our conversation, but with Bormann money as his leverage. Today he is more than a millionaire, a quiet leader in the community with a certain share of his profits earmarked as always for his venture capital benefactors. This has taken place in many other instances across America and demonstrates how Bormann's people operate in the contemporary commercial world, in contrast to the fanciful nonsense with which Nazis are described in so much "literature." So much emphasis is placed on select Jewish participation in Bormann companies that when Adolf Eichmann was seized and taken to Tel Aviv to stand trial, it produced a shockwave in the Jewish and German communities of Buenos Aires. Jewish leaders informed the Israeli authorities in no uncertain terms that this must never happen again because a repetition would permanently rupture relations with the Germans of Latin America, as well as with the Bormann organization, and cut off the flow of Jewish money to Israel. It never happened again, and the pursuit of Bormann quieted down at the request of these Jewish leaders. He is residing in an Argentinian safe haven, protected by the most efficient German infrastructure in history as well as by all those whose prosperity depends on his well-being. Personal invitation is the only way to reach him.

A revealing insight into this international financial and industrial network was given me by a member of the Bormann organization residing in West Germany. Meyer Lansky, he said, the financial advisor to the Las Vegas-Miami underworld, sent a message to Bormann through my West German SS contact. Lansky promised that if he received a piece of Bormann's action he would keep the Israeli agents off Bormann's back. "I have a very good relation with the Israeli secret police" was his claim, although he was to be kicked out of Israel later when his presence became too noted—and also at the urging of Bormann's security chief in South America. At the time, Lansky was in the penthouse suite of Jerusalem's King David Hotel,

in which he owned stock. He had fled to Israel to evade a U.S. federal warrant for his arrest. He sent his message to Bormann through his bag man in Switzerland, John Pullman, also wanted in the United States on a federal warrant. Lansky told Pullman to make this offer “which he can’t refuse.” The offer was forwarded to Buenos Aires, where it was greeted with laughter. When the laughter died down, it was replaced with action. Meyer Lansky was evicted from Israel, and was told by Swiss authorities to stay out of their country, so he flew to South America. There he offered any president who would give him asylum a cool $1 million in cash. He was turned down everywhere and had to continue his flight to Miami, where U.S. marshals, alerted, were waiting to take him into custody.

The Bormann organization has the ultimate in clout and substance, and no one can tamper with it. I have been told: “You cannot push these people; if you do it can be extremely risky.” Knowing their heritage, I take this statement at face value.

8

GERMANY KNEW WHAT WAS MEANT BY DEFEAT and occupation. The four zones ruled by the Allied powers were being shaped according to the governmental philosophies of their victors. The Russians dismantled factories in their zone and shipped everything moveable to the Motherland. For years the deadening hand of Soviet occupation lay like a fearsome doomsday mantle on the German zone it controlled. In the British, French, and American zones the order to dismantle was never given, because the French and British and the governments of the Low Countries who had been freed by Allied victory decided they could rebuild new plants more compatible to their economies of the postwar years. The main thrust of the Western Allies was to eliminate hard-core Nazi leadership and get the economy rolling once more.

Russell A. Nixon, former acting director of the Division of Investigation of Cartels and External Assets in the U.S. military government in West Germany, spoke of the difficulties in those days investigating and doing something about the industrial and financial leaders of the conquered Third Reich. The denazification process was cumbersome and elusive, and

captains of the economy below the level of those who had undergone the 13 Nuremberg war crimes trials were difficult to pinpoint as to extent of guilt and involvement, Nixon remarked, “because they, by chance, held certain high Nazi positions or because they were in one way or another in a mandatory-arrest category. It was on a purely hit-or-miss basis; there was no policy with regard to industrial and financial leaders. When we finished interrogating a man, we were faced with the problem: What authority do we have to hold him? By what test do we decide whether he is in or out? We began to face some criticism because we were holding Germans in prison without ‘specific charges.’” So, one after another, these men were released despite U.S. Joint Chiefs of Staff directive 1067, issued on May 10, 1945, which stated that Nazis and Nazi sympathizers holding important positions in industry, commerce, finance, and agriculture should be arrested and held for trial.

The situation was the same when military government investigators probed into the personnel of major banks. Bankers had arranged the financing of the war, and through their financial webs had established and maintained control over the economies of occupied Europe for the Third Reich. The officers and board members of the Big Six banks were picked up, but efforts of the military administration to follow through were resisted by other Allied departments of the occupation. Russell Nixon recalled that when he moved to arrest the bankers he was unable to get the U.S. Counterintelligence Corps to assign him men to do it. “So we had to deputize our own staff people to go out and pick them up.” But the departmental infighting didn’t stop there. Nixon had trouble getting jail space, and so “the bankers merely remained under house arrest, in their own homes.” On the part of some of the American generals, “This was some sort of screwball idea, anyway; another of Colonel Bernstein’s schemes to tear up Germany.” Finally, the key bankers did go to prison for a time, but only to be interrogated about their financial activities in the war, including: “What happened to the money and other liquid assets you sent out of Germany after August 10, 1944, when Martin Bormann inaugurated his flight capital program?”

Not in question was such treasure as was discovered by the U.S. Third Army in a salt mine near Merkers in April 1945. A preliminary inventory of

gold bullion, currency, and miscellaneous property placed the value of the find at $515,825,802, and as Lieutenant General Walter Bedell Smith, chief of staff of the U.S. Army at SHAEF, stated: “The total figure arrived at was made only from information on the Reichsbank tags attached to the sealed bags, boxes and parcels.” In his letter dated 20 April 1945, to the Combined Chiefs of Staff Committee, General Smith asked the Treasury Department to send expert weighers of gold bars with their equipment. The final inventory was carried out in the vaults of the Reichsbank at Frankfurt, where the treasure had been moved. General Smith also said it obviously had belonged to the SS or the Gestapo. “Evidence indicates that part of the treasure represents loot taken from individuals who have been murdered, as it includes thousands of gold and silver dental crowns, bridges and plates and some personal articles. It may, therefore, constitute items of evidence, and should be considered in that light. It is believed that agencies engaged in the determination of evidence for the prosecution of war criminals should be informed, and at the proper time should be permitted to inspect and investigate this part of the property.”

American and British treasury agents went to Frankfurt, performed their assessments, and the decision was ultimately made to put all the gold into an Allied “gold pot” for sharing as reparations, while the currencies (French francs, Belgian francs, Norwegian kroner, Czech kroner, Croatian kuna, Italian lira, Hungarian pengoes) were returned to the central banks of these countries. Parcels containing the sad reminders of concentration camp victims were held for agencies concerned with war crimes.

But scant useful information was obtained from the leading bankers and industrialists held for interrogation. To be sure, all had approved and complied with Bormann’s program of flight capital to neutral safe havens in 1944; they had faith that the Fatherland, or at least those zones supervised by Britain, France, and the United States, would rise from the ashes of defeat. They knew too that the money, patents, and new manufacturing processes, along with scientists and administrators sequestered beyond reach of the Allies, would also be a necessary component in the resurgence of Germany. But they sidestepped acknowledging that billions had been sent from their country in the final nine months of the war, and that corporations outside the boundaries of Germany would be generating

further money in world markets during the years to come. Treasury officials in Washington, as in London, knew what was transpiring; the teams they sent into the field uncovered enough evidence to prove a definite pattern. As for the news media, it did not seem important, although long-term it was really the biggest of the postwar stories. Yet so quietly was it handled by the Germans and so diffident was the reaction by the Allies, that few ripples rose to the surface, and investigators of the U.S. Treasury Department were taken off the case.

Allied correspondents were then more interested in the progress of the denazification program being carried out in the U.S. and British zones of occupation. The Allied administrators had removed 25,000 Nazis from banking and finance in the U.S. zone, but later found to their dismay that the individuals they were denazifying out of finance were going into related fields, a holding operation of sorts, until such time as they could move back into their old slots of influence and power—an identical process to that taking place in Japan. American and British newspapers played up the fact that 200,000 Nazis in the American zone had been removed from industry and government by 1946, which impressed readers in the United States and the United Kingdom, until later it came out that this had barely made a dent in the 2 V2 million Nazi Party members of the U.S. zone. Then, when Britain and America found themselves involved in a hapless cold war with former ally Russia, West German support was courted and welcomed, and the majority of those formerly declared Nazis quietly folded themselves back into industry, banking, and government. Forgotten was General George Marshall's clarion declaration of March 1945, when he listed 1,800 industrialists and bankers as "leaders who have thrived under National Socialism, welcomed it in the beginning, aided the Nazis to obtain power, supported them in office, shared in the spoils of expropriation and conquest, or otherwise benefited in their careers or fortunes under the Nazis."

Realism superseded idealism when it was officially acknowledged by top occupation officers that permanent removal of such leadership from the West German scene would deal a devastating blow to German rehabilitation. Historically, men of talent and drive have a way of rising again to the surface following reverses, and this was the case in West

Germany. Under the Marshall Plan, the money that was pumped into the economy arrived at the right time, enabling plant management to rebuild the factories that would provide jobs and employment.

None of it went for luxury items, as in Britain, to compensate a people who had been deprived of many items in five years of war. The people labored mightily and practiced thrift. Private investment money began to flow back from the banks of Switzerland, as bankers there recommended such investments to their customers, as well as to their own bank investment committees. Later, other money, which had found its way to the "neutrals" under the Bormann program, began to flow slowly from these safe havens to Germany, although the reverse flow didn't accelerate until the occupation ended and the destiny of the new Federal Republic of Germany was in German hands. Until that time the West German economy moved forward under the policy pronounced by Federal Chancellor Adenauer, the policy of a free economy: the greatest possible liberalization of the market. It had led to impressive increases in production and under Adenauer's successor, Ludwig Erhard, the free market economy was christened the "economic miracle." It was also made possible by a new labor supply, the influx of millions of refugees driven out of Eastern European countries by Soviet rule. There were 8 million expellees and 2 million refugees who arrived in industrialized West Germany between 1945 and 1961. They were integrated rapidly, making a real contribution to the growth of the Federal Republic by their desire to work hard and build a new life for themselves.

Currency reforms to halt inflation, the free market economy, and the hard work of the populace changed the economic climate of the new Federal Republic; money was worth something again and the supply of needed goods increased. Prices climbed, but they were slowly stabilized by an ever watchful government. By means of tax reductions and special privileges for investors, employers were encouraged to adopt policies of expansion. By mid-1951, 1936 levels of production were reached. West Germany was now turning out industrial products that were in great demand everywhere: machine equipment, electrical goods, autos, trucks, chemical products, steel, and electronic units. The industrial center of Germany expanded from

the Ruhr to complexes in the Rhine/Main area and around the larger cities, like Stuttgart, Munich, Hanover, and Hamburg.

A substantial infusion of money into this new Federal Republic economy resulted from the Korean War in 1950. The United States was not geared to supplying all its needs for armies in Korea, so the Pentagon placed huge orders in West Germany and in Japan; from that point on, both nations winged into an era of booming good times.

Daimler-Benz A.G. of Stuttgart expanded its output of autos and trucks, experiencing no difficulty in switching from Wehrmacht staff cars and tanks to Mercedes-Benz cars for the luxury-inclined of the world, and diesel-powered small cars that dominated taxi fleets from Cairo to Cape Town. A newly instituted bus line using Mercedes-Benz vehicles from Lagos to central Nigeria featured hi-fis and stewardesses bearing food, drink, and pillows; this prompted one delighted Nigerian to remark, “They certainly know how to make a customer feel wanted.”

Ferdinand Porsche, who had developed the Tiger tank, which was better than anything the Allies had during most of the war, put Volkswagenwerk back on its feet by redesigning his own Volkswagen as a postwar family car. He later set up his own company as a subsidiary of Volkswagenwerk and began producing the sporty and fast Porsche. Willy Messerschmitt, who had turned out the best fighter plane of the war, became vice chairman, a director and major shareholder of two peacetime Messerschmitt aircraft companies in Augsburg and Munich, and twelve subsidiary firms in France, Holland, South America, and the United States. During the 1960s, when the new Luftwaffe was being trained at Luke Air Force Base in Arizona, the historian of this operation, retired U.S. Air Force Colonel Barney Oldfield, now of Litton Industries, wrote that West Germany had paid $250 million for the U.S. jet fighters in which they trained, underwriting an annual payroll at Luke of $8 million. Willy Messerschmitt was invited to be guest speaker at one graduation; he flew his own jet to Luke Air Force Base from his own airfield in Augsburg. As he mounted the podium to speak, the 95 musicians of a German band struck up *“Alte Kameraden”* (Old Comrades). He died, esteemed, in Munich in 1978.

As the big industrialists, who had been convicted at Nuremberg for helping to create the German war machine, began emerging from prison in the 1950s, they too went back to work. Friedrich Flick, a farmer's son who became one of Hitler's biggest industrial supporters and had been a Reichsmark billionaire during the Third Reich, emerged from prison determined to pull together the shattered pieces of his coal and steel empire. As he left prison, reporters asked him, what he planned to do. "Make steel," was his reply. Oddly, the Allied decartelization policy of separating the giant industries contributed to his resurgence. He was forced to sell his 60 percent holdings in one of the Ruhr's biggest coal combines. Unable to find a buyer in West Germany, he turned to his French associates of the prewar and occupation years and sold his stock to the large De-Wendel steel concern in France, which paid him $26 million in cash and $19 million in blocked funds, which could only be reinvested in France or in other areas linked to the French economy. This forced him to invest the French funds outside of Germany, and he started buying industrial bargains abroad, from Belgium to Brazil.

In 1955 Flick became the first German in the postwar period to buy openly into the French steel industry, purchasing a 25 percent controlling interest in Chatillon-Neuves-Maisons steelworks, one of France's Big Five steelmakers. The following year he engineered a deal that gave him a significant stake in Belgian industry, buying the largest single block of shares of the Hainaut-Sambre steel combine at a cost of $5.5 million. But one of his most important holdings was a 40 percent interest in Daimler-Benz A.G. Through a holding company, he also operated a complex of companies making steel, locomotives and industrial machinery, paper, chemicals, explosives, and synthetic fibers. He died in 1972 at the age of eighty-nine, again a billionaire and again one of the most powerful men in Germany.

But as tycoons retired or died off change came to big industry. The clans like Krupp, Thyssen, and Henschel that had dominated West German commerce from their headquarters in Diisseldorf and the nearby Ruhr coal and steel basin, are no longer active business managers. The last Krupp heir, Arndt von Bohlen and Halbach, was dispensed with in 1967 with a $800,-000 pension to enjoy life as an international playboy.

Heinrich Thyssen-Bornemisza runs his private Dutch-based investment group from Lugano, Switzerland, and his cousin, Count Federico Zichy-Thyssen, grandson of old Fritz Thyssen, exercises control over Thyssen A.G. from his base in Buenos Aires. Krupp, Thyssen, and similar giant firms are today run by professional managers with boards of directors strong in representation on the major banks. The Krupp Company, formerly Germany's most powerful industrial enterprise, now occupies tenth place on the list of West German corporations, but it is a healthy tenth, having reorganized in the early 1970s, eliminating such unprofitable operations as truck manufacturing, a hotel, and a department store in Essen. It is aggressive in Eastern Europe, Russia, and the Middle East. Krupp and the French concern of Les Forges de Strasbourg, a metal construction group, set up a jointly owned subsidiary to produce and market power dam, bridge, and steel structure equipment in the French-speaking African countries where the French firm has long-standing contacts. This merger emphasizes the close ties between the two companies before and during World War II.

Kmpp also has plans for expansion in the U.S. market, through its U.S. subsidiary, Krupp International, Inc., of Harrison, New York, a manufacturer of industrial equipment and systems. German-born Helmut L. Schwarz, who became a naturalized U.S. citizen in 1970, states: "We feel that this country will adopt an energy policy which will make more use of domestic resources—and we see a significant market in that area in which we have a lot to contribute."

Inga Quandt, who as a widow is the surviving beneficiary and the inheritor of an industrial fortune but has little interest in or inclination toward business management, sold a 14 percent share in Daimler-Benz to the government of Kuwait for $400 million.

However, the Friedrich Flick Group of Diisseldorf does not represent absentee management. It is very much part of the global multinational scene; before he died Friedrich Flick, still referred to in Diisseldorf as *"der alte Herr"* (the old gentleman) took steps to insure continued active and family ownership after his death. He and his wife Marie, who died in 1963, had three sons: Otto-Ernst, born in 1916; Rudolf, born in 1919;

and Friedrich Karl, born in 1927. The middle son was killed in action on the Russian front in World War II. The other two entered business: Otto-Ernst in 1953, Friedrich Karl in 1957. Around 1960 there was a sharp break between father and eldest son, which became permanent when Otto-Ernst took his father to court to gain control of his inheritance. After several years of litigation, Otto-Ernst took a large cash settlement and severed all connections with the company, living quietly in Diisseldorf until his death in 1974.

Despite this family altercation, Friedrich Flick wanted to assure a role in the company for Otto-Ernst's three children, and especially for his two grandsons, Gert-Rudolf and Friedrich Christian. He arranged his bequests so that the two and their sister became owners of some 30 percent of the shares. He also specified that the two grandsons could become full partners upon reaching the age of twenty-eight.

From the time of the contretemps with Otto-Ernst, it was apparent that Friedrich Karl Flick was heir apparent. He became a full partner in 1961, the third member of a business triumvirate that included his father and Konrad Kaletsch, his father's cousin. Flick, Senior, preparing for the succession, enlarged the number of partners to six in 1965, bringing in two men of Kaletsch's generation, plus his son's friends, Eberhard von Brauchitsch, Gunter Max Paefgen, and Harms Arnt Vogels. Von Brauchitsch is a Prussian aristocrat, nephew of the famous field marshal of World War II; Paefgen is a convivial, extroverted Rhinelander; Vogels, a sharp-minded and sharp-tongued Berliner.

Remarking on the family ownership of the Friedrich Flick Industrial Holding Company, Friedrich Karl commented in Diisseldorf: "My shares will pass to my children, so the family character of the company will be preserved. As most of the shares are already held by family foundations, arrangements exist to assure continuity of management if anything should happen to me. But I intend to go on working as long as I can. When I am no longer able, then we will see what is to be done." There are no plans for any public sale of shares. "Undoubtedly the general climate is

becoming less favorable to family companies, but there is no reason for us to change things yet. We don't need the money."

The Friedrich Flick Group enjoys about $3.2 billion in annual sales, largely realized from chemical, machinery, and paper activities. In 1978 it made a concerted drive to expand its investments in various United States corporations. It was able to do this by selling 29 percent of the 40 percent ownership in Daimler-Benz to Deutsche Bank for $888 million, which the bank then floated off to preferred investors in West Germany and South America. With this, added to another 200 million D-marks realized from the sale of some smaller properties, it bought for $400 million a 29.6 percent interest in W.R. Grace & Co., a chemical giant and diversified multinational that earned $222.6 million on sales of $5.27 billion in 1979. W.R. Grace & Co. is described as having "recession-restraint" characteristics, which appeals to the Germans. Flick, with its capital gains from these sales of properties in West Germany, was able to take advantage of the West German government's proffered capital gains bonanza that offered up to $500 million in tax benefits to industrial corporations that would invest up to $1 billion in the United States by December 30, 1978, in projects deemed strengthening to the German economy or capable of fostering international trade.

Flick likewise paid $100 million for a 34.5 percent interest in U.S. Filter Corporation, a high-technology company specializing in chemicals, pollution control equipment, and engineering services. The buy-in to U.S. Filter was suggested to Flick by a New York investment bank, Arnhold & S. Bleichroeder. An interesting footnote is that the S. Bleichroeder segment of the firm was founded in Germany in 1803, and later served as Bismarck's banker. By the 1930s there were no Bleichroeders remaining in the firm. Driven out of Germany by Hitler, it got together with another old German-Jewish bank, Gebriider Arnhold, founded in 1864, and set up offices in London and New York.

But while Friedrich Karl Flick is today definitely the man topping the Flick pyramid in Diisseldorf, which city he insists will continue to be "my home and that of my company," the strength behind him and his administration of assets, assembled by his father the patriarch, is a strong professional

management team that works in the background. Flick, Senior, had the same approach to family strength as did the elder Fritz Thyssen in the last years of his life, when he established a structure of immense managerial power that would aid his grandsons in Buenos Aires in producing perpetual profits for family members in Buenos Aires and Europe. In the shadows, of course, are the bearer-bond holders of both holding companies representing the Bormann organization, who are business realists and technicians of the first order. Before the restructuring of Friedrich Flick Industrial Holding Company of Diisseldorf and its subsequent investments in W.R. Grace & Co., and in U.S. Filter Corporation, it was felt by South American bearer-bond shareholders and Deutsche Bank that promising opportunities were being missed and that growth had flattened out. But today it's a resurgence for the Flick Group, and Friedrich Flick again presides over a balance sheet that is generally rock solid.

Peter W. Grace, heir to the company he assumed control of in 1945 at age thirty-two when his father had a stroke, was delighted with the fiscal strengthening of the company that his grandfather founded. He has observed that he knew the late Friedrich Flick, who was sentenced to a term of seven years in prison, having been convicted of exploitation of slave labor during World War IF A spokesman for Grace said in December 1978: "Peter Grace knew the late Flick well. . . . They were friendly, and he respected him very much."

In these times it is of advantage to the Flick Group to buy extensively into W.R. Grace &Co. Not only is Grace America's fifty-first largest corporation, with annual sales of over $5 billion, but its corporate structure and output along the west coast of South America are strong. The founder, William R. Grace, was an extraordinary immigrant boy from Ireland who worked himself into becoming a prosperous guano merchant, married the daughter of a United States ship captain, and thereby became an American citizen. By 1935 his company had extended over western South America, and was in control of 43 different companies, including sugar mills and five-eighths of the total cotton output of Peru. Old William R. capped his amazing career by twice being elected mayor of New York City, in the last century. Grandson Peter W., reared as he was in both Peru and New York, has always had an affinity for the family Flick as well as for

the German community of Peru, small in number but dominant in the industrial and financial structures of this nation. Peru has long been a province of foreign capital, represented chiefly by the International Petroleum Company, Cerro, Grace (of course), and various Swiss electrical interests. Although the army runs the country, it is a small pool of the educated and advantaged class, criss crossed by family relationships, that dominates the economy. So it was altogether natural that Peter Grace and Friedrich Karl Flick should arrive at a business understanding in the domain of interlocking multinationals, and that they should decide it was to their mutual interest to join forces.

Thyssen A.G., West Germany's most important steel corporation, employs 142,506 people, turns out 11.7 million tons of steel each year, and boasts annual sales amounting to 21 billion deutschmarks. Were Fritz Thyssen alive today, he would take pride in the fact that his shrewd maneuvers during and after World War II, to retrieve his steel and coal properties in Germany, as well as his out-of-the-country assets, had been a stunning success.

In Buenos Aires on January 5, 1950, while visiting his daughter Countess Zichy, he stated to the Associated Press that he had paid "a stiff price for his earlier friendship with the Nazis, for he had lost all his property and had been interned for four years in a concentration camp." He said that he intended to settle in Belgium, where he hoped to live out his days as a "stateless person."

Residence in Belgium was never to be, for he died in Buenos Aires on February 8, 1951. Nazi authorities had seized his Vereinigte Stahlwerke A.G., now Thyssen A.G., Germany's largest steel and coal combine at that time, stripping him of his German nationality, subsequent to his flight to Switzerland on September 2, 1939, with his wife, daughter, son-in-law, and grandson. In a signed deposition in the Office of the Director of Intelligence, U.S. Group Control Council, on September 4, 1945, he stated that he had been forced to leave Germany because he had opposed the war and objected to the treatment of Catholics and Jews and to such Nazis as Goebbels, Himmler, Rosenberg, and Ley. He also felt that Goering had coveted his successful steel combine.

Yet in a document from the U.S. Financial Intelligence Group, dated 30 April 1948, Berlin, it was concluded that among the German industrialists Fritz Thyssen was a main promoter of the National Socialist doctrine, both before and after Hitler's seizure of power. As chairman of Vereinigte Stahlwerke, he played a decisive role in the Fuehrer's rise through his generous contributions to the party, and by pressuring fellow industrialists to support Adolf Hitler. Fritz Thyssen started to be conspicuous in German public life when he led the Ruhr coal and iron producers in their refusal to operate the mines during the French occupation of that area following World War I. Like Hitler and so many others, he despised the Treaty of Versailles as a "pact of shame," to be thrown aside if Germany were again to have pride.

Thyssen's 'support of Hitler commenced just after the period of the Ruhr occupation. In 1923 he had contributed RM

200,000 to the fledgling Nazi Party, through General Ludendorff. Several years later Thyssen again came into contact with Hitler via their common opposition to the Young Plan of reparations. According to statements made by Thyssen to Allied investigators in 1945: "I do not know anyone among the industrialists who was supporting the party financially in 1928; I was then its principal supporter."

In 1930 or 1931 he had arranged for a credit from the Dutch Bank voor Handel en Scheepvaart, Amsterdam, to accrue to the Nazis, amounting to RM 250,000 to 300,000 of which he repaid RM 200,000 to 280,000 out of his own pocket. In arranging this loan Thyssen dealt directly with Rudolf Hess. The money was spent for the so-called Brown House in Munich, which later became headquarters of the National Socialist Party.

"The next sum I paid in favor of the Nazi Party," Thyssen continued, "was 150,000 marks, which I paid personally to Hermann Goering in 1932." After Hitler's rise to power, his steel combine contributed to the party a fixed sum for each ton of steel produced. In addition, Thyssen made substantial personal contributions to the Nazis at regular intervals.

After the financial crash of 1931, Thyssen openly embraced National Socialism. He joined the party in 1933; his membership number was

2917299. During the following two years he dedicated his resources and influence to aiding Hitler, organizing meetings and raising funds from his industrialist friends. As a reward, he was showered with political and economic favors. He was one of five state counselors with a seat on the Economic Council whom Hitler appointed to that esteemed position for life. He was a National Socialist member of the Reichstag from 1932 until the outbreak of the war, and a member of the Institute for Social Order. He was also appointed by the Reich minister of economics "Leader of the War Economy" in the iron-producing industry. As for his personal opinion of Adolf Hitler, on July 13, 1945, he stated: "After all, I don't think he did so many bad things. I don't think that in the beginning he only told lies; but the influence of the Party and his surroundings was very bad."

In 1936 disagreements began to appear between him and Hitler over certain Nazi policies and practices. Thyssen did not resign any of his public offices, however, until 1939, when he departed Germany for Switzerland. From there he moved with his family to France in 1940, collaborating on a book titled *I Paid Hitler,* which was to be published in New York City in 1941. Later he denied having anything to do with the book, but his handwritten corrections on the manuscript, written and approved on the letterhead of the Hotel de Paris in Monte Carlo, addressed to Emery Reves, on April 27, 1940, justify the affidavit made in 1945 by Reves that publication was with Thyssen's knowledge and blessing.

Most significant in Thyssen's deposition of 1945 was the following: "Before I left Germany, I kept my bank accounts with the Deutsche Bank in Diisseldorf and the same bank in Berlin, but the accounts were not large, for I had no confidence in German money. So much money was constantly being spent without being covered that I feared another inflation."

Anticipating a weakening currency and inflation, Fritz Thyssen had for years been inconspicuously shifting funds and other assets to other countries, and placing them in corporations and banks he controlled. He swore to Allied financial investigators: "I have no bank accounts in other countries, and no safe deposits."

In 1934 he had traveled to Argentina, and upon his return to the Third Reich reported to Hitler that the president of Argentina had proposed that

Germany would get extra orders for its industry if Argentina could sell a considerable quantity of meat to Germany. Hitler was favorably inclined but the German farmers objected, fearing that this would lower the price of good German beef, so the overture was dropped. However, the central reason for this trip was Thyssen's acquiring of South American properties and investments.

Investigation by the American Embassy in Buenos Aires produced the following report, of April 30, 1948:

The holdings of Fritz Thyssen in Argentina may be of interest. The local firm, Thyssen-Lametal Compania Industrial y Mercentil Thyssen Limitada, formerly importer and manufacturer of rolling mill equipment, rails and structural steel, has a paid-in capital of 5,000,000 pesos, and along with its subsidiaries, namely, "Tungar" S.A., Crefin S.A., Creditos y Financiasciones, T.A.E.M., Speratti Romanelli and Carbonera Buenos Aires S.A., is considered to have assets of approximately 20,000,000 pesos. This firm is controlled by Stahlunion of Diisseldorf, through the Dutch holding company Cehandro of Rotterdam. Information indicates that Cehandro is capitalized at 1,000,000 Reichsmarks, of which Thyssen is alleged to hold the controlling interest.

Files of the local company seized by the junta (alien property custodian) at the time of intervention indicated that the actual shares were held in the name of Theo Urlich, a German of Rotterdam.

The only other property in Argentina in which Fritz Thyssen may be interested are two *estancias* **(ranches), Don Roberto and Don Federico, the values of which are not known and which are alleged to belong to Calamine S.A., a Thyssen holding company.**

So we see that Fritz Thyssen had become a one-man, pioneer, flight capital entrepreneur before Martin Bormann instituted his massive thrust to move German assets beyond seizure of the Allied nations in 1944-45. And because he was the first to undertake such a movement without benefit of official certification from the Reichsbank and from the economic policy of leadership of the Third Reich, he was labeled a traitor for contravening the

currency policies of the Nazi state, which were voided by Reichsleiter Bormann in the national interest on the fateful date of August 10, 1944.

An OSS confidential report distributed in London and Washington disclosed not only that Thyssen had established a secret account in a Liechtenstein bank, but that he owned the bank itself.

Thyssen controlled the family Pelzer Endowment Fund in Switzerland, originally established with substantial funds by his mother under her maiden name, Pelzer. The fund also had assets in Holland and Belgium. The business generated by this fund and by other Thyssen holding companies was important financially to Bank voor Handel and Rotterdamsche Trustees' Kantoor, due to the great amounts of money that Thyssen was siphoning from companies on two continents into safe havens. In 1937 he moved 1 million Swiss francs to his daughter's account in his Uebersee (overseas) Trust in Liechtenstein. He shifted 300 kilos of gold from the Pelzer fund to his safe deposit vault in a private bank in London, with the knowledge and approval of the Bank of England. He purchased stocks in the following Spanish, Dutch, and American corporations, according to an Allied investigative report of 1949 in Stuttgart and transmitted to headquarters of the investigative branch at Dusseldorf.

15.000 shares series E Compania Hispano-Americana de Electridad-Chade

83.000 shares Kon. Nederl. Petroleum Maatschappin

17.000 4% Atchison Topeka 1995

10.000 4% Central Pacific 1949

7.000 *3%* **Kansas City Southern 1950**

7.000 4% Norfolk & Western 1996

50.000 4% Southern Pacific 1955

To understand the personal financial activities of Fritz Thyssen, one must know the genesis of his fortune and the ramifications of his family. The founder of the fortune was old August Thyssen, Senior, who died in 1926. He had been divorced in the 1880s, his wife agreeing to accept an annual income. Her share of the family fortune was then transferred to the four children, August, Junior, Heinrich, Fritz, and Hedwig.

August, Jr., died in the 1930s, with no interest in either the German or the foreign holdings of the family, other than his inherited income. Hedwig married a Baron Berg and took her inheritance in cash, likewise disdaining family business affairs. Fritz and brother Heinrich, who became Baron Heinrich Thyssen-Bornemisza, inherited the foreign and German participations held by August, Senior. Hans and Julius Thyssen were nephews of the old man, minor figures in the Thyssen operations. Neither was actively engaged in the business; Fritz administered their participations.

Thus, the two principal figures of the Thyssen fortune throughout the years preceding and during the Third Reich were Fritz and Heinrich. Neither liked the other, so they agreed to divide their inheritance into two separate spheres of interest, cooperating only when it was necessary. Fritz's circle of interest became the German holdings, Thyssen Gewerkschaft A.G., Thyssen Co. A.G., Pelzer Stiftung (the endowment fund), and Faminta A.G. Heinrich devoted himself largely to holdings outside of Germany, Bankvoor Handel en Scheepvaart, Rotterdamsche Trustees' Kantoor, N.V. Handels-en-Transport Maatschappin "Vulcan," Rotterdam, Press and Walzwerk A.G., August Thyssen Bank.

Heinrich Thyssen became Baron Heinrich Thyssen-Bornemisza when he married into Hungarian nobility. In this way he had acquired Hungarian nationality, which gave him dual nationality. He also changed his residence to Switzerland when German pressures became too alarming, and in time acquired Swiss nationality.

Despite the separation of interests and affection, Fritz always retained stock interests in Heinrich's banks and assorted companies.

With such an international background in trade and finance, it was natural for Fritz Thyssen to view the tax and other restrictions of the Third Reich as burdensome, to be circumvented. According to an investigative study of his fiscal activities of the thirties by British financial experts, signed by H.R. Priestly in Diisseldorf on September 3, 1949, Thyssen's first step in a long dance of tax and currency frauds began when he disposed of his shares in the Dutch Hollandische-Ameri-kanische Investment Corporation. On his instructions Dutch accountants valued the sale at RM 1,250,492.12, and this was transferred to Germany. But the true value amounted to 21 million Dutch guilders, and most of this remained in Holland to be credited to the family Pelzer Endowment Fund by the Bank voor Handel en Scheepvaart, N.V., Rotterdam, the bank founded in 1916 by August, Senior.

It came later to the attention of a pair of German tax officials named Brill and Jansen that Fritz Thyssen and the two Thyssen nephews, Hans and Julius, owed RM 40 million to the German government in back taxes. Payment of these delinquent taxes was not pursued because by this time "the entire assets in Germany of Fritz Thyssen had been declared confiscated by the Reich."

The relinquished property consisted of relatively small bank accounts in Deutsche Bank, an estate in Bavaria near Straubing, an estate in Mechlenberg, the house in which he lived near Muelheim, and the crowning jewel of his assets, the steel combine. As Thyssen stated in 1945:

"My chief property was my participation in the Thyssen company in Muelheim. Formerly this company owned the works in Muelheim, but these went over to the Vereinigte Stahlwerke, and my company became merely a holding company, without works. Of this company I held 60 percent; the other forty percent belonged to my cousins Hans and Julius."

Thyssen added: "My 60 percent was confiscated on behalf of the Prussian government. Under the law originally proclaimed after the burning of the Reichstag, and directed then against communists, my nationality was taken away by the German government and my property confiscated. Under the law, it should have gone to the German state, but Goering, as Prime Minister of Prussia, was eager for it-not only for the property, but for

my little art collection, and I believe this was the reason it was confiscated by the Prussian state."

Goering did not keep the securities; he had the art collection. Thyssen's securities were distributed to various individuals, but the majority shares were held by the Prussian state. However, the Thyssen holding company and the mills of Vereinigte Stahlwerke were blended into a vast combine, and the production of steel continued to roll under private management, although the government laid down the directives.

The knowledge that government administrators now possessed of Fritz Thyssen's foreign properties and his activities in camouflaging these assets came to the attention of Bormann, who had succeeded Rudolf Hess. It was October 1941, and Bormann had approved the policy of providing assistance to a few large industrial firms so that they might divert discovery of their overseas assets. The decision was a prelude to the all-encompassing Bormann program of 1944 to establish 750 new firms as safe havens for fleeing German capital. An example of how this camouflage action was initially planned and carried out is revealed by documents found in the files of the Foreign Exchange Department at Diisseldorf by the Joint Special Financial Detachment, U.S. Group Control Council, Control Commission for Germany (British Element), Diisseldorf, August 31, 1945.

In 1941, political developments in South America prompted the Vereinigte Stahlwerke to camouflage its Brazilian subsidiary company, Stahlunion Rio. A deal was worked out between the Vereinigte Stahlwerke, the Reich Ministry of Domestic Economy, the Foreign Exchange Department of Diisseldorf, and the German Embassy in Rio, in order to protect the capital, a large accumulation of profits and reserves, and merchandise of the Stahlunion Rio amounting to more than 20 million Milreis. On 23.10.41 the Reich Ministry of Domestic Economy and on 25.10.41 the Foreign Exchange Department Diisseldorf approved and authorized the planned transactions. Stahlunion Rio was immediately instructed to carry out independently all camouflage transactions. Mail or cable could no longer be considered safe communication.

The basic instructions to Stahlunion were as follows:

1. Cash on hand was to be used for the purchase of securities of German companies and other European companies in countries under German influence. These securities were to be deposited in bank-safes in the name of reliable foreigners or burnt by the German embassy in Rio. In the latter case a list was to be kept and properly safeguarded. This would later permit a reissue of securities.

2. All merchandise on hand was to be mortgaged and the proceeds were to be camouflaged as outlined in paragraph 1. Merchandise was also to be disposed of by sale at very low prices to reliable customers and agents who were to sell them for current prices and keep the profits in trust for Stahlunion Ltda.

3. Part of the funds was to be used for investments in Brazilian firms or purchase of factories in order to retain and employ the workers and the sales staff.

Sufficient quantities of the desired securities were not available on the Brazilian Stock Exchange. This fact caused a change in plans as follows:

1. Brazilian securities, which were prevalent, were to be purchased and deposited in bank-safes. Stahlunion Rio was to keep the keys.

2. If seizure or blocking of the safes appeared imminent, securities in the safes were to be removed and substituted by worthless objects.

3. Before communications were broken off, the loan of limited amounts to confidential persons was suggested as an additional camouflage measure. Siemens Electro Company Rio was mentioned in this connection.

4. A *certain Mr. H* **and his relatives were to be used as trustees for many camouflage transactions. His full name is never mentioned in the records. [However, it was later stated that "Mr. H. was Dr. Heida of Rotterdam, a Fritz Thyssen proxy and collaborator who played an important role in Thyssen's foreign transactions," according to a**

statement on September 3, 1949, by H.R. Priestly, a financial investigator in the Control Commission for German-British Element at Diisseldorf.]

Supporting documents for this report are in possession of the Devisenstelle Team, Diisseldorf.

H.B. Resnik

Although the above report refers to Brazil it is to be expected that similar instructions were given for the Argentine.

Following these camouflage directives, Vereinigte Stahlwerke A.G. established these subsidiaries:

1. **Cia. de Mineracao de Ferro e Carvao, Rio**

2. **Cia. Siderurgica Brasileira S.A., Rio**

3. **Syndicate Mineire e Metallurgiee de Brasil, Ltda., Rio**

4. **Soc. de Mineracao Catharinense, Blumenau**

Stahlunion Export A.G., Diisseldorf, the export arm of Vereinigte Stahlwerke, A.G., paid Kurt von Dellinghausen, a German mining engineer employed by Vereinigte Stahlwerke to represent their interests in Brazil, and Dr. Salvatore Pinto, Junior; they had a hand in every subsidiary in Brazil.

Pinto's chief interest, however, was the Companhia de Mineracao de Ferro e Carvao S.A., of which he was co-manager with Dellinghausen and nominally majority shareholder. Both served as proxies for Fritz Thyssen and were the conduits for vast sums of money to the Thyssen interests in Buenos Aires.

Stahlunion Ltda., Vereinigte Stahlwerke A.G.'s chief subsidiary in Brazil, was vested by Brazilian authorities in 1942 before the Germans could transfer all shares to nominal Brazilian ownership.

These lessons were observed by Reichsleiter Martin Bormann when he received confidential reports on the Brazilian camouflage operations from the German Ministry of Economics in Berlin. He determined that when he set up his safe haven flight capital program, he would not duplicate the mistakes of 1941 made by the Ministry of Economics.

In Lugano, Switzerland, meanwhile, Fritz Thyssen was examining his options. There was no future for him in Germany while the war continued, although he had his clandestine arrangements. The German underground leaders had talked to him about participation, but although he sympathized he knew their cause would fail. The Nazis had the country by the throat, and would relinquish power only by defeat on the battlefield; such reverses would be a long time coming. In Lugano he had talked on several occasions with Hans Bernd Gisevius, who worked for Hjalmar Schacht, head of the Reichsbank. Gisevius was shortly to leave Schacht and become number one man to Admiral Canaris, head of the Abwehr and a silent force in the Schwarze Kapelle, the underground movement that aspired to capture Hitler or to assassinate him, and then to substitute a government that would sue for peace. Failing to enlist Thyssen, Gisevius became Allen Dulles's pipeline to Admiral Canaris, who had arrived in Berne in 1942 as chief of station for the OSS and President Roosevelt's personal representative for clandestine operations in Switzerland and on the European continent. Gisevius had a good run as a Dulles agent until uncovered by the Gestapo and obliged to flee to Berne in 1943. After six weeks in hiding, he crossed the Swiss border with false Gestapo credentials.

Thyssen thought about England. His prewar connections gave him entry into the highest circles. This included Winston Churchill himself. All of them knew they wouldn't last a week were Germany to overrun the tight little island, whether by war or by treaty, which is why Churchill underplayed the arrival of Rudolf Hess in 1941 as an emissary of peace. Thyssen had handsome bank deposits in London, including the 300 kilos of gold belonging to the family Pelzer Endowment Fund. There was also his steel subsidiary in Wales, under the direction of Sir William First. Although his British funds were blocked, the knowledge that they were there was comforting. In his deposition of 1945 to Allied investigators, Thyssen told of the visit paid to him in Lugano in March 1940 by Sir William First, who

said the Bank of England and the British government wanted him to surrender the gold in exchange for an equivalent amount in pounds sterling credit. Thyssen agreed to the exchange, after obtaining permission from his eighty-five-year-old mother in Brussels, who had founded the endowment.

Thyssen had good relations with top American government and industrial leaders too; in 1940, when he went to Paris, American Ambassador Drexel Biddle provided the Thyssens with U.S. passports for a proposed journey to Argentina via Spain. In Paris Mrs. Thyssen became ill and could not travel for a time. The Thyssens soon proceeded to Cannes. By May 1940, the Germans had overrun France and they were turned over to the Gestapo. Goering explained to Thyssen later, “The French did not want to have you in France and gave you over to the Gestapo.”

In the light of this event, Fritz Thyssen was fortunate to have had a long-time relationship with Martin Bormann, beginning in 1923.

French troops had moved into the Ruhr in that year to grab steel mills and coal mines as reparations, and to destroy the industrial capabilities of Germany. The move was contrary to the wishes of the United States and Britain, which did little more than wring their hands and file diplomatic objections. Fritz Thyssen had organized the Ruhr industrialists into a resistance force, which refused to make steel or dig coal for the French.

Bormann, then the youthful district leader of the Mecklenberg Freikorps Rossbach, a paramilitary organization established to disrupt French military movement in the Ruhr, had carried out a series of daring sabotage exercises by night, while working as an estate manager by day. Hardly more than a boy, he came to the attention of Fritz Thyssen. The two-tiered resistance — Freikorps and corporate—was financed by the industrialists. At a time of raging inflation throughout Germany, the Reichsmark had little value. But Thyssen and his peers in the Ruhr had printed scrip to finance the resistance through workers’ wages. The relationship between Thyssen and Bormann was limited, but when Bormann was released from Feipzig prison after serving a one-year sentence for political assassination of a traitor friendly to France, both became imbued with the doctrines of Adolf Hitler. The Freikorps Rossbach, unlike Thyssen, believed in direct action in the field, not social ostracization. Hitler and the new National Socialist German

Workers Party drove at combating communism and bringing financial stability to Germany. Martin Bormann joined the NSDAP at this juncture, but not until January 5, 1933, did Thyssen officially join the Nazi Party. The German resistance in the Ruhr succeeded.

As Thyssen and Bormann made their ways into positions of power within the National Socialist Party, Allen W. Dulles observed from the wings. During World War I he had been an espionage agent serving the United States in Switzerland against the German and Austro-Hungarian empires. Between the wars, in the twenties and thirties, he socialized with the elite of German industry and banking, traveling on international corporate law business for the New York firm of Sullivan and Cromwell, which served German-American business accounts. He grew friendly with Fritz Thyssen, but knew Bormann only casually. The ruler-to-be of Germany's economy was climbing quietly, managing the finances of Adolf Hitler and the Nazi Party. Yet Dulles caught on that, as Hitler was voted into office, Bormann was the one to watch. It is axiomatic that you keep an eye on the number two man-the man who does the work. At a Berlin reception attended by Hitler, Thyssen, and Bormann, Dulles left Thyssen's side to seek out the diligent and inconspicuous Bormann, chatting with him about the future of Germany and Anglo-German-American rapprochement. Bormann ventured, according to a conversation I had with Dulles in 1969, "There is room for the three nations in the world today without war, but the Third Reich must not be checked in its drive for economic and diplomatic parity. I favor alliance with England and Poland and a particularly close relationship with America, as does the Fuehrer." Dulles remarked that Bormann was not the grubby, uncivilized man he had been led to expect. "He was soft-spoken and direct, but while he talked to you his eyes continued to keep watch on Hitler and those surrounding him. I felt he was a man of strength who might one day best his more colorful rivals in the Nazi hierarchy."

The Thyssens were transferred to Germany on December 2, 1940, and passed two and a half years in a lunatic asylum near Berlin, on the assumption that Thyssen was mad because he had voted against the war. Treatment in the asylum was good, with distinguished prisoners such as the Archduke of Austria paying for their maintenance. Hermann Goering

arrived one day to interrogate Thyssen, probing about his assets and testing to see if the industrialist had changed his mind about the war. Goering learned nothing about Thyssen's foreign assets, and was told that he and Hitler were on the wrong course. Goering remarked that they would be invading Russia the following year.

Gestapo examinations were intense and lasted for many weeks, always breaking off at the end of a regular work day. Thyssen said, "My life was never threatened by the Gestapo. I was not submitted to physical torture. One of my interrogators . . . offered his hand, but I refused it. He was quite angry, but did not hit me.

"Another gentleman who questioned me, Abendroth, was very polite, probably because he thought I had helped another gentleman of the same name in Switzerland. The latter's wife was of Jewish origin."

Fritz Thyssen's episodes with the Gestapo never took a nasty turn because Bormann had instructed SS General Mueller to handle Thyssen with care. Bormann was Thyssen's protector for old times' sake, and he admired the man who had given so much aid to the party when it sorely needed it. Also, Bormann felt Thyssen was his ace in the hole if he ever needed a personal pipeline to Allen W. Dulles. Dachau and Buchenwald both received Thyssen, but in both instances Bormann had the Thys-sens quartered in a house outside the main concentration camp areas. Then, when the Third Reich was reeling from the onslaught of Allied forces, he had them moved south to the Tirol, where they would be set free by advancing American troops. It was the best Bormann could do; he could not free Thyssen, for he was outranked by Goering and Himmler, and Hitler would have been affronted at the release of the man who had disdained him in the late thirties. "Not only did he write insulting letters to me questioning my decisions but he openly consorted with Jews in Diisseldorf," Hitler had complained to Bormann. In 1936, 1937, and 1938 Thyssen had the leading Jewish bankers of Diisseldorf join him each week for luncheon. It rankled the Fuehrer that the meetings were held in the same club where he had been Thyssen's guest speaker in 1932, the occasion that had brought him the support of the Ruhr industrialists. As Thyssen told it:

It is a very funny thing about Hitler's influence at such meetings. I don't actually remember but it is possible that at the close of the speech I cried out "Heil Hitler!" as I have been reported in the *New York Times* **to have done; I think the "Heil Hitler!" salute was used at that time. It was a very successful speech; he persuaded them that he had a lot to offer Germany, that he had a good program for Germany.**

He declared that he favored:

1. Restoration of the Hohenzollern in the form of a moderate kingdom like England;

2. Alliance with England;

3. Alliance with Poland.

All this was very reasonable and I believed him. My faith in his words was strengthened by his promise to establish a social order according to the plan of Dr. Klein (of I.G. Farben) and myself, a plan which should realize the ideas of Pope Leo XIII as expressed in the famous encyclical "Rerum novarum." When Hitler had formed his new government everything seemed to be all right. He made an alliance with Poland, he concluded the fleet arrangement with England, he arranged the Concordat with the Pope, he made nonaggression pacts with different countries, and he declared that in the future he would live in peace with France.

But after the burning of the Reichstag Hitler showed more and more of his real face. He began to act against the constitution by dissolving all parties with the exception of his own, he allowed Rosenberg's propaganda against the Catholic Church, he broke the Concordat, and the persecution of the Jews got more and more intense.

In 1936 Thyssen concluded that his influence with Hitler had come to an end. He began to utilize his foreign subsidiaries as collection points for money that never even entered Germany, and within the Third Reich he stonewalled the tax collectors by keeping two sets of books. When the German army took over Holland, suspicious German tax officials searched

for records of the Pelzer Endowment Fund in Rotterdam, but the records and files had been destroyed. Under examination by the Gestapo in 1940, Thyssen was vague in his recollections of foreign assets. The Gestapo held Thyssen for four and a half years. Following his release by American troops in the Tirol, he was equally vague when it came to pinpointing the locations and extent of his funds. Allied examinations stretched from 1945 to 1949, a period when Thyssen was fighting for return of his German holdings, as well as those in Holland and Belgium. As late as September 3, 1949, a British government financial investigator complained:

Thyssen continuously evades ... or else gives contradictory replies. ... he seemed to be perfectly in the picture on matters relating to the foundation of the Overseas Trust Company, and the transfer of assets from the Pelzer endowment into that company, being well aware of the fact that assets belonging to his daughter were in question. . . . He refused to give any further information under the flimsy pretext that these were matters which concerned his daughter.

Fritz Thyssen knew by 1949 that he was just about home free. Being stripped of his German nationality by the Third Reich was a plus in the postwar years, when Allied occupation forces were trying to determine the true ownership of securities and other assets that had been seized by the Nazis. He put in claims for all he had owned in Germany, Holland, England, Belgium, Argentina, and the United States, using the fact of being a “stateless person” as sufficient reason for return of the confiscated property. In time, it all flowed back to him.

With everything again in his hands, Fritz Thyssen departed Europe in January 1950. First, he paid a visit to Thyssen A.G., which had undergone a rebirth since the bombings of World War II, when it was 90 percent demolished. But under the management of Dr. Hans-Gunther Sohl, today chairman of the Advisory Board and chief executive of Thyssen A.G., the mills were again producing at capacity. En route to South America, Thyssen stopped off in London to check his British holdings and bank statements. He then proceeded to Buenos Aires.

During the final year of his life, in Argentina, dividing his time between the villa in Buenos Aires and the ranches, one in Argentina, the other in

Paraguay, Fritz Thyssen completed establishing the control that would assure everlasting family prosperity through Thyssen A.G. Elder grandson Count Federico Zichy-Thyssen of Buenos Aires was placed on the board of this German steel trust. When the count votes at board meetings in Diisseldorf three or four times a year, he votes for the entire Thyssen family of South America and Europe.

Count Federico Zichy-Thyssen, who has a younger brother Count Claudio Zichy-Thyssen, represents the largest single shareholding group, with 25 percent of the stock of Thyssen A.G. The remainder of the stock is diffused into Deutsche Bank in Frankfurt and Buenos Aires, which holds shares for many individuals on both continents, including those representing the Bormann group.

Countess Zichy resides permanently in West Germany. Her Hungarian husband had supervised the turning of thousands of ranchland acres into productive farm and cattle land, following their flight from Europe in 1940. These ranches in Argentina and Paraguay and the villa in Buenos Aires are occupied by her two sons and their families, who, it is said, “represent the old wealth of Buenos Aires.”

Fritz would have liked that.

But if the heirs of the old German elite are moving away from industry, the opposite is the case with the hard-driving professionals who manage the destinies of the giant firms that continue to bring prestige and profit to the Federal Republic, who are the engineers of the German economic leadership.

LG. Farben, the Third Reich’s most substantial foreign income producer, was back in business 60 days after the war in Europe ended. But in 1947 the U.S. Military Government announced that I.G. would be dissolved into 47 smaller corporations. Then American and British foreign policy took a different turn: the cold war was on and both Washington and London wanted to halt any Farben breakup. By 1950 emphasis was on a strong West Germany and industrial recovery, and it was finally decided that the I.G. plants should be reorganized into three companies: BASF (Badische Anilin and Soda-Fabrik), Bayer (Farbenfabriken vorm. Friedrich

Bayer & Co.), and Hoechst (Farbwerke vorm. Meister Lucius and Bruening). Four smaller concerns under the Farben mantle—Agfa, Cassella, Kalle, and Huels—were also in contention. Under pressure from Washington and London, and from the shareholders of the old Farben stockholders protective committee, who lobbied for their interests in Bonn, the Allied High Commission agreed to a plan of 159 I.G. plants' being formed into the Big Three (BASF, Bayer, and Hoechst). Agfa also went into the Bayer structure and Cassella and Huels went their way as independents. In October 1954, treaties were signed in Paris ending the occupation of West Germany. In 1955, when the Federal Republic of Germany became a sovereign government, the shareholders of the new companies held their first annual meeting. Most were former I.G. stockholders, and one of the first motions passed was to change the Allied bylaws, mandating changing from open stock ownership back to the secrecy of bearer shares. There was relief in Switzerland and in South America, where financial secrecy is a way of life; it is quite necessary to the continuation of the Bormann organization.

The Big Three are today the largest chemical companies in the world. Each is now larger than I.G. itself in its heyday, and the growth potential seems unlimited. The chairman of Bayer A.G. has set a goal of $1 billion in the U.S. market for Bayer A.G.'s subsidiary in America, Mobay Chemical Company. The Allied Liquidation Commission had separated the big banks from their branches. But when occupation ended the banks coalesced again and Deutsche Bank, Commerzbank, and Dresdner Bank continue their leadership.

The German business blitzkrieg in the United States is due to the patient professionalism of German managers backed up by heavy spending on market research. William Watson, a U.S. acquisition man for German firms in America, observed, "In many cases there's a very seductive natural 'fit' where a German buyer can marry a U.S. firm's selling skills and strong market base with its own financial strength and often superior technology and wider product range."

Mr. Watson described the circumstances of one such bargaining session. The German firm of Boehringer Mannheim wanted five U.S. firms that

were marketing in its U.S. drug-product area, all controlled by Bio-Dynamics. At one point the six motels surrounding the Bio-Dynamics head office near Indianapolis airport were each a headquarters for competitive teams angling for the prize, Bio-Dynamics. “Not only did the German team camp on the spot for the three-week siege, it was led by the president of Boehringer, Kurt Englehorn.” Recalls Watson: “I never saw a more tenacious group. They beat out the others with thoroughness and staying power.”

West German firms such as these are today generally model multinationals, having come a long way toward their goal of understanding people generally, and Americans in particular. Still, the new Farben image is best observed on the French-German border at Strasbourg. On any working day you can stand on the river frontier where a bridge straddles the Rhine— a traditional invasion route of three wars—and watch 10,000 Alsatians streaming across the border from France to their jobs in the German chemical plant of Badische Aniline and Soda-Fabrick, the giant electrical firms of Siemens and Bosche, and Dow Chemical. The Alsatians say working conditions and pay are better than in France.

According to Chancellor Helmut Schmidt, West Germany is to become increasingly an “exporter of patents, process, technology, and blueprints.” Companies like Volkswagen brought the Federal Republic through the sixties in good shape, but now nearly all German industrial authorities agree that the future belongs to manufacturers of sophisticated equipment like that turned out by such firms as Siemens. Siemens A.G. of Munich keeps 30,000 engineers and technicians busy at four research centers. The company registers 20,000 patents a year and markets 100,000 individual products in almost every sector of electrical engineering, accounting for $16 billion in worldwide sales annually. It continues strong in South America, and has current contracts ranging from the $1.1 billion addition to Argentina’s Atucha nuclear power complex to a $41.5 million telecommunications installation in Paraguay for their good friend President Stroessner. They expect sales in the United States to average $500 million annually, but, above all, the United States offers Siemens a hunting ground for the small electronics companies that it has been buying up, such as the

Microwave Semiconductor Corporation in New Jersey, or Aerotron, Inc., a North Carolina manufacturer of radio and telephone equipment.

The Federal Republic has become Russia's biggest trading partner. In 1977 the two countries exchanged about $5 billion worth of goods, as U.S.-Soviet trade dropped 28 percent to about $1.75 billion. The West Germans are currently building a gigantic multibillion-dollar steel plant and refining complex at Kursk, site of the greatest tank battle in history, waged by the Panzer divisions of the Wehrmacht and Soviet armored divisions in 1943. The Germans have also gained contracts from Russia by paying for the use of licensed patent processes owned by American firms. The firm of A.E.G.-Telefunken, by using licenses from General Electric, won a $732 million contract for gas turbine pumps for the "Friendship" gas pipeline from western Siberia to the West German border in 1976. The 25-year trade pact signed by the Federal Republic of Germany and the Soviet Union in 1978 was hailed as a new breakthrough. But the Germans were not so sanguine. Otto Wolff von Amerongen, head of West Germany's industry and trade association, discounted the importance of the agreement:

"It is not a historic accord. It gives German industrialists the chance to plan better and the possibility to accelerate exchanges."

He meant that each future industrial contract would be carefully scrutinized by the Germans. If previous loans made to the Russians are not in the correct repayment stream, there will be no substitution of sheep and plum jelly for cash in return for German machinery and steel pipes.

The intensity and drive of German businessmen has also produced a feeling of rejection among the young of West Germany, who can't quite figure out why so much energy is being expended on making money. This attitude in turn puzzles their parents, who feel the affluent young have been pampered and do not appreciate the monumental struggle of the past thirty or so years to build a thriving nation out of rubble.

The older Germans also wonder why these young people, student activists and even terrorist sympathizers, should be dissatisfied. Dr. Michael Haltzel, an American who has worked in West Berlin for several years, questioned

whether a nation could in the long run sustain itself with a philosophy so prosaic as “enrich yourself.”

The Germans of the present decade are handling their relations with the United States public and the Congress with the greatest of skill. Even BASF of Frankfurt has received American awards for imaginative work in improving relations between its American plants and the neighboring communities. By the 1970s the West Germans had concluded that influencing U.S. public opinion is better accomplished with a skillful touch than with a meat cleaver, which had characterized their efforts during the two world wars. An example of such skill was the staged news event of June 5, 1972, when Willy Brandt announced at Harvard University that the Federal Republic of Germany would donate 150 million marks ($47 million) to establish a foundation in honor of the Marshall Plan—a statesmanlike approach to the recovery of former enemies, and to the recovery generally of Western Europe. Brandt stated that the money would arrive in equal installments for the next fifteen years, for the establishment and operation in the United States of an independent American-run educational foundation specializing in solutions to European problems, to be known as the “German Marshall Fund of the United States—A Memorial to the Marshall Plan.”

The overriding function of this German George C. Marshall Research Foundation is public relations, to cosmeticize the German industrialists and bankers whose corporations had worked so successfully for the Third Reich. In October 1978 the Marshall Foundation was utilized as a platform for Dr. Hermann J. Abs, now honorary president of Deutsche Bank A.G., as he addressed a meeting of businessmen and bankers and members of the Foreign Policy Association in New York City on the “Problems and Prospects of American-German Economic Cooperation.” This luncheon meeting was chaired by his old friend, John J. McCloy, Wall Street banker and lawyer, who had worked closely with Dr. Abs when McCloy served as U.S. High Commissioner for Germany during those postwar reconstruction years. At that time, Hermann Abs, as chief executive of Deutsche Bank, was also directing the spending of America’s Marshall Plan money in West Germany as the chairman of the Reconstruction Loan Corporation of the Federal Republic of Germany.

With them on the dais were Henry H. Fowler, Wall Street investment banker and former U.S. Secretary of the Treasury; Henry Cabot Lodge, former U.S. ambassador to the Federal Republic of Germany; George C. McGhee, another former American ambassador to West Germany, also a trustee of the Marshall Foundation and a member of various private and government advisory groups. These, along with the others on the dais and in the audience, represent firms and banks that are among the most prestigious in the United States and throughout the world; all benefited from the rebirth and rebounding prosperity of the new Federal Republic of Germany. Knowingly or not, these figures and their corporations are indebted to the man who was not there, the financial and administrative genius who set the foundation for the postwar recovery of West Germany, Martin Bormann.

This stroking of American public opinion by German interests, as by those of Japan, is calculated to open further the American market. The United States remains the richest and the most profitable market on the face of the earth, and these businessmen and bankers know that they either buy their way in or negotiate their way in. They know that if they are going to succeed as world companies they must have a generous slice of the U.S. market, and today this can be accomplished only through ties, treaties, and agreements, no longer entirely through retained earnings and bank lines of credit.

A pair of living representatives of separate branches of the Thyssen family learned such facts of corporate life at an early age. Count Federico Zichy-Thyssen acquired his knowledge from grandfather Fritz Thyssen; his cousin Baron Hans Heinrich Thyssen-Bornemisza acquired similar corporate wisdom from his father, old Fritz's brother, Heinrich Thyssen. The latter became Baron Heinrich Thyssen-Bornemisza and took up residence in Lugano, Switzerland, gaining Swiss citizenship. As Count Zichy represents the largest shareholder group in Thyssen A.G. from his home in Buenos Aires, the young baron directs his interest from his Villa Favorita in Lugano.

One such holding in the United States is Indian Head, Inc., with American corporate headquarters at 1200 Avenue of the Americas, New York City.

Thyssen Inc. has its U.S. offices farther down this avenue at number 1114, in the W.R. Grace & Co. building. Indian Head is a wide-ranging manufacturing conglomerate, with 42 plants in the United States and 10,400 employees. It enjoys annual net sales of close to $604 million. For an industrial corporation of such size it has a remarkably low profile. It distributes no annual report—"We are a privately held corporation." Like Thyssen Inc., in the United States, it has no background ownership file with the SEC because it has never had to go public. When Thyssen bought Budd Manufacturing for $275 million, it was in cash, and therefore there was no requirement for corporate disclosures to the Securities and Exchange Commission.

Still, good will is cherished, and German industrialists and bankers continue to strive to project a friendly German image in the United States. One noteworthy announcement, made from Washington, D.C., in March 1979 was that 57 priceless Old Master paintings from the collection of Baron Thyssen-Bornemisza would be taken on a tour of the United States in 1979 and 1980. This collection of great masterworks is said to be—except for the Royal Collection of the queen of England— the greatest private art collection now in existence. This public traveling exhibit constituted a major achievement as a public relations ploy. Ever cautious, however, no German firm underwrote the tour; Indian Head was kept out of the picture. Instead, a major U.S. corporation was chosen to underwrite the masterworks tour. United Technologies of Hartford, Connecticut (152,000 employees, 200 plants, and a worldwide marketing operation in power, flight systems, industrial products and services), agreed to underwrite the cost of the venture as a favor to its German friend in Lugano, Switzerland. The project was initiated from Lugano; the baron, after consulting with his corporate image advisors, agreed to United Technologies rather than Indian Head with its hidden shareholders. The foundation that made all arrangements was another privately endowed, nonprofit organization, International Exhibition Foundation. It made the approach to United Technologies and also brought aboard the prestigious Andrew W. Mellon Foundation and the Federal Council on the Arts and Humanities.

When the baron came to Washington for the official press preview of the tour he arrived, trim and bouncy, and at fifty-eight years of age, fit, fluent in French, Italian, English, and German. He expressed delight with American cooperation. A speaker at the Washington press ceremonies was Hubert Faure, president and chief executive of United Technologies Otis Group and a director of UT. He spoke warmly of his long-time friendship with Baron Hans Heinrich Thyssen-Bornemisza.

It was a job well done. Old August Thyssen, Senior, who had founded the family fortune, would have given good marks to his descendant for perspicacity in a country where good will and image mean so much.

Following the two world wars, the Germans have always launched drives for the return of their "vested enemy assets." After World War I, German industrialists began an organized campaign.

One example was Textile Mills Securities Corporation, an American holding company engaged in trading in securities as agent for foreign companies. The German group contracted with Textile Mills to "represent them in the United States with the object of presenting their cause to Congress," and to obtain legislation for the return of their assets from the Alien Property Custodian. The German assets in this situation involved $60 million. The fee promised for the return of their properties was 10 percent, or $6 million. The retainer contract was conditioned upon the ability of Textile Mills to get the legislation pushed through before the adjournment of the 70th Congress.

The first step taken by Textile Mills was to employ the Ivy Lee public relations firm to generate propaganda involving "the sanctity of private property." The Ivy Lee firm went to work. Its expertise in remolding public opinion was unquestioned, and among its clients was John D. Rockefeller I. The firm prepared speeches favorable to the German cause for delivery by prominent American public figures, and flooded U.S. newspapers with comment and stories urging the return of seized German assets. It was a smooth campaign directed equally at the influentials of Washington and New York and at grass-roots America. Meanwhile, Textile Mills hired two Washington-smart lawyers, Warren F. Martin, former special assistant to the attorney general, and J. Reuben Clark, former solicitor in the State

Department. These men advised on the preparation of two supportive brochures: *Status of Enemy Property: Interpretations of Treaties and Constitutions;* and *American Policy Relative to Alien Enemy Property.* Textile Mills employed F.W. Mondell, attorney and former representative in Congress, to make proposals to congressmen to promote speedy passage of the wanted legislation; he appeared before congressional committees, flanked by Ivy Lee men and other specialists. This aggressive approach, along with wining and dining and bribery, eventually tripped up Textile Mills. The outcome was a sordid tax case, which turned up in law books under the title, *Commissioner of Internal Revenue* v. *Textile Mills Securities Corporation,* with the latter losing, its appeal denied by the U.S. Supreme Court.

Another noted case was that of the German Corporation, Metallbank, seeking the return of $6.5 million held by the Alien Property Custodian. This time the Germans went straight to the heart of a decision; they arranged an attempt to bribe the attorney general of the United States, Harry M. Daugherty, along with Thomas W. Miller, then Alien Property Custodian. It worked, and in September of 1921 Custodian Miller took two checks drawn on the U.S. Treasury in the sum of $6,453,-979.97 to the Ritz-Carlton Hotel in New York City, returning these assets to the Germans of Metallbank. Later, a German representing Metallbank made delivery to an individual representing the attorney general and the alien property custodian of $391,000 in U.S. Liberty Bonds. Word got out, and brought about the criminal indictment in the U.S. District Court for the Southern District of New York, on May 7, 1926, of Daugherty and Miller. The custodian was sentenced to 18 months in Atlanta prison; the case against the attorney general ended in a hung jury.

There were other cases, but those that succeeded for the Germans were situations in which the German owners of companies in the United States changed the names or juggled the stock and started new companies with assets of the previous firms.

Throughout the 1950s and 1960s, West German industrialists and bankers in the Third Reich conducted campaigns resembling those of the 1920s for the return of German assets. Some properties were sold off by the U.S.

attorney general to the highest private bidder, among them General Aniline, an Interhandel I.G. Farben holding company mentioned earlier, while others found their way back to full German ownership, in one fiscal fashion or another. In a few instances, American individuals became touched with corruption that reached even into the U.S. Congress. A distinguished U.S. senator was investigated and rebuked for his impropriety of conduct by a Senate committee of his peers, the beginning of the end for Senator Thomas T. Dodd. He had had a close and peculiar relationship with Julius Klein, who had been retained by German interests to polish up their image in the United States. Julius Klein & Associates, a Chicago-based public relations firm, was handsomely paid, for Ruhr industrialists calculated that having a Jew fronting for them in the United States would be good business.

During June and July of 1966 Klein occupied the attention of a Senate Committee on Ethics, which was looking into the foreign agent activities of Mr. Klein. He had been lobbyist, political public relations counsel, and foreign agent for the Society for German-American Cooperation, an umbrella for such firms as Mannesman A.G. of Diisseldorf, Rheinmetall of Diisseldorf, Flick A.G. of Diisseldorf, Daimler-Benz of Stuttgart, *Der Spiegel* magazine of West Germany, the State of Hesse in Frankfurt, and Bayer Aspirin and Pharmaceuticals. When Chairman Fulbright opened hearings in the Senate on May 14, 1963, Julius Klein was hesitant in identifying his German principals:

THE CHAIRMAN: On April 6, 1960, you filed the first registration for a committee representing German industrialists and civic leaders, is that correct?

JULIUS KLEIN: **Yes, Mr. Chairman. The committee doesn't like to have their name in newspapers or registered and so on and so forth, therefore, they call it a group. Every time when I came to Germany, three or four times a year, they had a group together, about 150 or 200, that I addressed. They agreed that they would permit me to file the name of the board, which I did. But the Frankfurter Bank was the principal, Mr. Chairman.**

THE CHAIRMAN: WAS THE BANK EMPLOYING YOU OR WAS THE BANK MERELY THE CONDUIT FOR PAYMENT?

JULIUS KLEIN: NO, **the bank was the agent for this group, Mr. Chairman. As a matter of fact, the head of the bank was the chairman of the group, and he was the toastmaster at every dinner that I appeared at, at Frankfurt.**

THE CHAIRMAN: It doesn't help me yet as to who your principal is. Will you please try to clarify in my mind and the committee record as to whom you represent?

JULIUS KLEIN: **Well, Mr. Chairman, I represent a society in Germany for the purpose of promoting good relations between the United States and Germany. These are my principles and to the best of my knowledge I translated into English the name of that society (Foerderkreis fur Deutsch-Amerikanische Zusammenarbeit, the Society for the Promotion of German-American Cooperation). That society does not alone promote the good will between Germany and the United States but with all Latin American countries, so I am only a little part of the activities for their group.**

THE CHAIRMAN: The law is quite clear that you should identify your principals. You don't question that, do you? Now to state that you represent a good will society or friendship society without stating any of the people—.

JULIUS KLEIN: I HAVE THE LIST HERE.

THE CHAIRMAN: STATE WHO THE MEMBERS OF THE SOCIETY WERE.

JULIUS KLEIN: The General Secretary is a distinguished counsel—.

THE CHAIRMAN: WERE THESE THE OFFICERS IN 1960 WHEN YOU FILED? DO THEY CONTROL THE SOCIETY?

JULIUS KLEIN: Yes, sir.

THE CHAIRMAN: Who are they? Put their names on record.

JULIUS KLEIN: Dr. Gerhard Hempel, former mayor of Weimar, now the General Secretary of the group—.

THE CHAIRMAN: IS HE THE MAN WITH WHOM YOU NEGOTIATED THE CONTRACT?

JULIUS KLEIN: Yes, sir.

THE CHAIRMAN: Did you file his name when you negotiated, when you filed in 1960?

JULIUS **KLEIN: NO, in 1960 I negotiated with Dr. Janssen, the president of the Frankfurter Bank, and that is the way I registered.**

THE CHAIRMAN: Why didn't you file the names so we could identify your principals? This is a major point I would like to make. I just wondered why you didn't do this? You identified Mr. Hempel. Was there anyone else?

JULIUS KLEIN: Yes, sir.

THE CHAIRMAN: Who are they?

JULIUS KLEIN: Dr. Walter Leiske, former mayor of Frankfurt.

THE CHAIRMAN: WHAT IS HE NOW?

JULIUS KLEIN: He is a distinguished consultant on economics, he is an economist.

THE CHAIRMAN: CONSULTANT TO WHOM?

JULIUS KLEIN: TO INDUSTRIES IN GERMANY.

THE CHAIRMAN: WHO ELSE?

JULIUS KLEIN: Mr. Udo Boeszoermany, banker from Stuttgart, and Dr. Paul Schroeder, another banker from Stuttgart. They constitute the executive committee for the board of directors.

THE CHAIRMAN: HOW DO THEY PROCURE THEIR FUNDS?

JULIUS KLEIN: Well, Mr. Chairman, that should be addressed to the group. All I am interested in is to get paid. Where they get the money from and how is their business.

THE CHAIRMAN: YOU ARE NOT INTERESTED IN WHO PAYS YOU?

JULIUS KLEIN: **I don't care where the money comes from, as long as it doesn't come from Nazis or Communists.**

THE CHAIRMAN: **If you don't know, how do you know it does not come from Communists or Nazis? Can you give the committee any ideas on what basis they paid you? Do they pay you any specific amount or must you accept whatever they choose to send you?**

JULIUS KLEIN: **Oh, no, Mr. Chairman. I have an arrangement which was originally made with the Frankfurter Bank when they were acting for this group, that I would get between 1125,000 and 1150,000 a year.**

THE CHAIRMAN: **It is this committee's business as to who your client is, and I am not satisfied that you have disclosed your principal.**

The interrogation of Julius Klein before the Senate committee continued, still without full disclosure of the key principals of his society client; although it developed that Dr. Paul Krebs, a director of Deutsche Bank, had also paid Klein between $75,000 and $100,000 a year—"I've forgotten the amount, Mr. Chairman"—on behalf of the Society for the Protection of Foreign Investments. Early on, long before his appearance before the Fulbright committee, Klein had been effective, and word was passed to other German firms that Daimler-Benz A.G. had signed a contract with Klein under the terms of which he was "to supply Daimler-Benz with situation reports on political, economic, technical, personnel, or general and

other conditions that might be of interest to the business development of D-B A.G. in the United States of America."

Another area of German foreign agent activity was revealed when Klein testified that prior to his German society, government, and industrial accounts, he had represented for one year the Republic of Panama for $40,000; this was followed by a contract with an organization that Klein described as being "formed by Lord Shawcross of England and Mr. Hermann Abs of Germany to bring about a Magna Carta for the protection of foreign investments of World War II." Lord Shawcross, a distinguished barrister and financier in the City of London and a board member of many international firms, had also been chief prosecutor for the United Kingdom before the International Military Tribunal at Nuremberg. Here he also renewed his prewar, wartime, and postwar relations with Hermann Josef Abs, then and now doyen chief of Deutsche Bank and a director of Daimler-Benz and Siemens.

The full scope of Julius Klein's political lobbying on behalf of his foreign clients did not surface until two other Senate committees held hearings. One was the Subcommittee of the Committee on the judiciary of the U.S. Senate in the 85th Congress, and the other consisted of hearings before the Select Committee on Standards and Conduct of the U.S. Senate, in 1966, relating to Senator Thomas J. Dodd and his relationship with Julius Klein.

At the select committee hearings, Senator George Smathers of Florida made this statement: "It is my understanding that Dr. Hermann J. Abs, former director of I.G. Farben and a prominent financial figure during the Hitler regime, is the common denominator of this group seeking return of vested enemy properties of World War II."

Senator Smathers also pointed out that the foreign agents' registration statement for this project was signed by "the Washington law firm of Ginsburg, Leventhal, & Brown, the Washington law firm of Boykin & De Francis, and the public relations firm of Julius Klein & Associates." Those who signed for "The Society for the Promotion of the Protection of Foreign Investments" were Dr. Paul Krebs, a Deutsche Bank director, and Hermann J. Abs, president of the board of directors of the society.

These hearings were being widely reported in German newspapers and on television and radio, and Julius Klein suffered a falling away of his German clients discomforted by the unwelcome publicity. He turned to his friends in the Senate for help; his friends included Senator Dodd, the late Senators Hubert Humphrey and Everett Dirksen, Senator Jacob Javits, the late Senator Kenneth Keating, and Senator Mundt. Klein virtually demanded of Senator Dodd that he make a special trip to Bonn and speak with Chancellor Adenauer and others to persuade them that he, Klein, was highly regarded by senators on both sides of the aisle, and that his Germans should not fear to continue doing business with him.

So Senator Dodd traveled to Germany on behalf of Julius Klein; who had contributed so much money to his campaigns and to his personal life style. His meeting in Bonn with Chancellor Adenauer was arranged by Dr. Ludger Westrick, state secretary in the Office of the Federal Chancellor, likewise a director of the Society for German-American Cooperation. On his return to Washington Senator Dodd sent a fulsome letter of praise, written by Klein, to Ludger Westrick, who had been promoted to minister. One phrase therein, “I know of your splendid record,” was not without unintended irony. For Westrick had another type of record, which had been concealed but which was known to the OSS. He was a classified “Wehrwirts-chaftsfuehrer,” a leader associated with notorious Nazi enterprises, and he had also been a district economic advisor to Reichsleiter Martin Bormann.

The Senate committee found Senator Dodd’s relationship with Julius Klein indiscreet, one that went beyond the proper role of a United States senator. But because of an inability to identify and question Klein’s German clients, they declined to pass a formal motion of censure on Dodd’s relationship with him. However, as the Klein association was only one of many indiscretions of Senator Dodd that the committee had under investigation, this Senate committee on ethics later censored Dodd for diverting to his use more than $100,000 in campaign funds.

The importance of the Klein affair, hardly earth-shaking in retrospect, is the clear picture it presented to the American public as to how press agents and lobbyists for foreign interests work themselves into the mainstream of

United States political power and contort legislative processes to the gain of their clients. Today there are 647 registered and active Americans so occupied, and this figure does not include the many thousands of foreign nationals residing in the United States and spending all their time promoting their own national interests; Koreagate is but one example.

While not really illegal, it was Julius Klein's boldness of manner in suborning an elected member of the United States Senate to his own ends that projected him onto the front pages and frightened off his West German clients, who preferred, as always, to hide their movements, and to act with circumspection and secrecy. One of the first to leave the Klein client listing was Friedrich Flick of Diisseldorf, the tycoon who had also been an ardent contributor to Himmler's Third Reich club known as "Friends of the Reichsfuehrer-SS." The characteristic secrecy surrounding the actions of German industrialists and bankers during the final nine months of the war, when Bor-mann's flight capital program held their complete attention, was also carried over into the postwar years when they began pulling back the skeins of economic wealth and power that stretched out to neutral nations of the world and to formerly occupied lands.

There was a suggestion of this in France. Flora Lewis, writing from Paris in the *New York Times* of August 28, 1972, told of her conversation with a French publisher:

"It would not be possible to trace ownership of corporations and the power structure as in the United States. 'They' would not permit it. 'They' would find a way to hound and torture anyone who tried," commented the publisher.

"They" seem to be a fairly small group of people who know each other, but many are not at all known to the public. "They" move in and out of government jobs, but public service apparently serves to win private promotion rather than the other way around.

The Government "control" that practically everyone mentions cannot be traced through stock holdings, regulatory agencies, public decisions. It seems to function through a maze of personal contacts and tacit understandings.

The understandings arrived at in the power structure of France reach back to prewar days, were continued during the occupation, and have carried over to the present time. Lewis, in her report from Paris, commented further: “This hidden control of government and corporations has produced a general unease in Paris.”

Along with the unease, the fact that France has lingering and serious social and political ailments is a residue of World War II and of an economic occupation that was never really terminated with the withdrawal of German troops beyond the Rhine. It was this special economic relationship between German and French industrialists that made it possible for Friedrich Flick to arrange with the De-Wendel steel firm in France for purchase of his shares in his Ruhr coal combine for $45 million, which was to start him once more on the road back to wealth and power, after years in prison following his conviction at Nuremberg.

West Germany’s economic power structure is fueled by a two-tier system: the corporations and individuals who publicly represent the products that are common household names around the world, and the secretive groups operating in the background as holding companies and who pull the threads of power in overseas corporations established during the Bormann tenure in the Third Reich. As explained to me, “These threads are like the strands of a spider’s web and no one knows where they lead-except the inner circle of the Bormann organization in South America.”

That there is a Bormann organization is unquestionably true. I know from personal experience. During years of research for this book, I have become aware of Heinrich Mueller and his security force, which provides protection for the leadership in Latin America and wherever else they may travel to Europe and to the United States to check on investments and profits. Through intermediaries, I have attempted unceasingly to penetrate to the central core of the organization in South America, but have been denied access. At the last meeting that I know about, it was voted: “Herr Manning’s writing would focus undue attention on our activities and his request must once again be denied.” The elderly leaders, including Reichsminister Bormann, who is now eighty, wanted me on the scene to write of their side of the story, above all his story, of one of the most

amazing and successful financial and industrial cloaking actions in history, of which he is justifiably proud.

I had sent word to Bormann that the true story, his firsthand account, should become a matter of historical record, and stated that I would be agreeable to writing it if I could tell his true story, warts and all. Back came the word: "You are a free world journalist, and can write as you think best. We, too, are interested only in truth." They agreed to my request to bring along a three-man camera crew from CBS News to film my conversations with Martin Bormann, and even approved my wish for at least a personal thumbprint of the former Reichsleiter and party minister, which would be positive proof of his identity. At the organization's request, I sent the background, names, photos, and credentials of the particular CBS cameramen: Lawrence Walter Pierce, Richard Henry Perez, and Oden Lester Kitzmiller, an award-winning camera crew (which got the exclusive film coverage of the attempted assassination of Governor George Wallace when he was running for president).

I am sorry to say that the younger leaders, the ones now in virtual command, voted "No." They did agree, however, that 232 historical documents from World War II, which Bormann had had shipped out of Berlin in the waning days of the war, and which are stored in his archives in South America, could be sent to me anonymously, to be published. They said their lengthy investigation of me had produced confidence that I was an objective journalist, as well as a brave one, for their probing stretched back to World War II days, and up to the present.

Heinrich Mueller, now seventy-nine years old, who also serves as keeper of these archives as well as chief of all security for the NSDAP, rejected this decision; when the courier reached the Buenos Aires international airport bearing these documents for me he was relieved of them by the Argentine secret police acting under an initiative from Mueller.

As Mueller had explained previously, he had nothing against me personally; I had been cleared of any "strange connections" by his agents in New York City, whose surveillance efforts were supplemented by the old pros of the Gestapo up from South America to assist in watching me. This continued intermittently for years, and efforts were stepped up in response to the

intensity of my investigations. The statement I had originally made to their representatives in West Germany, that I was only a diligent journalist trying to dig out an important story, finally proved satisfactory to them. I observed that Mueller hadn't lost his touch in the field of surveillance, judging by the quality, skill, and number of men and women who tracked me, at what must have been enormous cost, wherever I went in New York City, Washington, and overseas. In rejecting my request for a meeting with Bormann, and in intercepting the documents, Mueller sent word that other factors outweighed any consideration for me: the KGB, the CIA, and President Stroessner of Paraguay, "who just does not like inquiring reporters." I then got the information from West Germany that Israeli agents had somehow learned of my project, and they were also following me. I asked one of the SS men if the Israeli exterior secret service, the Mossad, was good. His reply: "Yes, but they learned everything from us."

So this is a facet of the secret world surrounding Reichsminister Bormann in South America today. Many of his associates can travel back home under other names and false passports, and they do. General Hermann Buch, adjutant to Heinrich Himmler during World War II and Bormann's brother-in-law, was invited to address the "Old Comrades" of Das Reich Division at their annual reunion. He made his way from Buenos Aires to Rosenheim in West Germany, where he spoke, recalling the old glory days for them all. But Reichsminister Bormann must ever remain in exile, although those who represent him bring credit to his organization and to the new Germany of today. Among the distinguished industrialists and financiers of the Society for the Promotion of German-American Cooperation (including Latin America) who gathered three or four times a year in Frankfurt to listen to Julius Klein tell them what he was doing to promote their cause in the United States, were many representatives of the Bormann organization, links in the chain between German South America and the elite industrial power structure of West Germany. Even General Gehlen, when he was chief of the Federal Republic's intelligence service, sent his agents to confer with General Heinrich Mueller in South America. One West German business leader dear to the hearts of the Bormann group was Hanns-Martin Schleyer, a victim of abduction and murder by terrorists in 1977. He had been president of the West German employers and industry federation, and German newsmen called him "the top boss in the country." Schleyer, a

brilliant administrator and a graduate in law from Heidelberg and Innsbruck, had joined the Nazi Party and the SS; in 1943, at the age of twenty-eight he became the administrative chief at headquarters of the industrial federation in Nazi-occupied Prague, charged with making the Czech economy productive for the Third Reich. After the war, he became an economic administrator, headed the foreign trade department of the Chamber of Commerce and Industry of Baden-Baden, and in 1951 joined the Daimler-Benz Company. Helped along by the support of Friedrich Flick and the shadowy men in South America, he became a member of the board of directors and handled labor relations and personnel. With Daimler-Benz as his managerial base, he became influential in the metal industry, and during a bitter labor dispute was instrumental in the lockout of 300,000 workers.

As West Germany entered a period of attack by terrorists, Hanns-Martin Schleyer held no illusion that he might not be a target. He is reported to have written a memorandum months before his death, that were he captured by terrorists he would refuse to be traded for jailed extremists. When captured, the terrorists attempted just that, to exchange him for the release of eleven imprisoned comrades. There was no deal, and Schleyer, sixty-two, was found dead.

The German-South American group also had direct access to the Nixon White House through their representatives in Washington, and were proud of the fact that Bebe Rebozo was President Nixon’s closest friend. For, knowingly or unknowingly, Rebozo processed millions of their dollars through his Florida bank as part of normal commercial operations. They were also amused, perhaps flattered, that H.B. Haldeman, Nixon’s chief of staff, liked to refer to himself as the Martin Bormann of the White House.

It amuses them too that the penetration of the American market is referred to as a German invasion, a blitzkrieg, so to speak—the term invented by the Nazis when they went to war in 1939. When Chancellor Helmut Schmidt, a former artillery officer on the Russian front, told U.S. Treasury Secretary W. Michael Blumenthal in 1978 that the United States should do more to put its economic affairs in order, they concurred with the advice, thinking it quite appropriate, as well as indicating the status enjoyed today by the

Federal Republic of Germany. It views the establishment of factories in the United States as a welcome portent of German-American equality. The residents of New Stanton, Pennsylvania, are not so sure; they have welcomed Volkswagen A.G. and the assembly lines that will produce 200,000 Rabbits annually, yet their emotions are mixed. The mayor of New Stanton speaks of jobs and money being pumped into the local economy. Still, many say, “We know this is progress of sorts, but we also see coming traffic, pollution, and other problems. If we wanted to live in Detroit, we would have moved there.”

Like the Japanese, the Germans appear to be exporting many of their polluting industries to the detriment of the environment wherever they go. Concerned that host countries will be forced to institute protectionist measures against them, the Japanese are keeping a low profile, as do German entrepreneurs of the Rhineland, while they grope for the winning friendship formula to install them in the good graces of Americans.

Americans today, particularly those old enough to have participated in World War II, may ponder at times as to who really won this struggle that cost so dearly. The entire world and the Federal Republic of Germany, to say nothing of Japan, have come a long way since the German surrender at Rheims and the Japanese capitulation aboard the U.S.S. *Missouri.*

The memory of those days continues clear and present in today’s Federal Republic of Germany. There are political divisions in the new republic, but there is a common unity over the question of the Third Reich and the crimes of Nazism: The German people and their leaders want to put away the past, “the darkest chapter of German history,” as former Chancellor Willy Brandt declares, and move forward in a spirit of common reconciliation. Mr. Brandt told the editors of *Der Spiegel*, the West German newsweekly, at the occasion of an editorial roundtable in June 1978, that “our people, of which millions became Nazis, cannot live with a wound remaining open ... it is not right that a people should be continuously burdened by something in which they became entangled ... we must be aware of the differences among guilt and error and idealism that has become misused.” He also remarked that “half of the people of Germany today were born after the war and they need not be concerned about the Nazi era. But the great majority of our people

wish to put an end to the nonsensical theme of collective guilt; an ending of the matter can, in my opinion, be done only on a morally unobjectionable ground, namely to hide nothing that happened, but also not be like the Pharisees, an ancient and notably self-righteous Jewish sect, which emphasized strict interpretation and observance of doctrines and religious practices."

While Mr. Brandt urges "Let's forget the whole thing," mindful that the free world cannot exist divided against itself, the former German chancellor is fighting an uphill battle. Jews the world over are determined that their persecution by the Nazis will not be forgotten, and in Washington, D.C., the powerful Jewish lobby pushed through the House a $2 million appropriation for a Nazi Crime Litigation Unit to investigate even at this late date 147 alleged Nazis, most of them non-Germans but East Europeans who had aligned themselves with the SS, who have lived in the United States for over twenty years. The work of this congressional investigative unit will go right on making occasional headlines, although not with the impact of the *Holocaust* book and TV series of 1978, which had been carefully timed as a Zionist reminder to the supportive American Congress of Jewish suffering, and thus a reiteration that Israel should be neither downgraded nor abandoned during an era critical in Middle East history.

Further, the sometime headlined surfacing of Nazi concentration camp commanders such as Gustav Franz Wagner, who had been residing modestly for thirty-three years in Brazil, makes the Brandt spirit of reconciliation and amnesty more arduous. But inasmuch as it was Mr. Brandt and his government that provided Martin Bormann with what amounted to a "passport to freedom" in 1973 by stating that the former Hitler aide had perished in Berlin in 1945, it may be possible to achieve the philosophical unification he seeks for West Germany.

While Germany's bankers were collectively responsible for the financing of Hitler's war effort, the dean of them all is Hermann Josef Abs. Money was his life, and his astuteness in banking and international financial manipulations enabled Deutsche Bank to serve as leader in fueling the ambitions and accomplishments of Adolf Hitler and Martin Bormann. His dominance was retained when the Federal Republic of Germany picked

itself up from the ashes; he was still there as chairman of Deutsche Bank, director of I.G. Farben, and of such others as Daimler-Benz and the giant electrical conglomerate, Siemens. Abs became a financial advisor to the first West German chancellor, Konrad Adenauer, and was a welcome visitor in the Federal Chancellery under Mr. Adenauer's successors, Ludwig Erhard and Kurt George Kiesinger. However, relations with Kiesinger chilled when in May 1969 he advised against revaluation of the West German mark. Kiesinger thought this advice was responsible for his election defeat that year; but, more likely, it was his revealed Nazi background that did him in.

Although top bankers of the world, even such as Abs, make their mistakes like everyone else, they operate in such insulated and rarefied milieus, that misjudgments are covered up. This was the case when Abs led the drive in the United States in the 1960s to free German assets seized in World War II by retaining a Chicago press agent and lobbyist with close ties to members of Congress.

Several of the new generation of West German bankers maintain that Abs, now eighty-two years old and retired, has outlived his usefulness, although he is still respected for his past accomplishments. One hip young German banker remarked, "He reminds me of a perfume bottle that is empty yet still smells good." He added, "Politically speaking, bankers in Germany have been devalued."

Yet Dr. Abs can never be devalued. In June of 1978 this adroit financier, considered by the majority of Germans to be a patriot, pulled off a coup noted around the world. Painstakingly and in secret, he headed up a West German consortium that snatched from the hands of speculators of other nations nearly $20 million of German art treasures to be returned to museums in the Fatherland; the achievement took place at Sotheby Park Bernet's London auction gallery. This fabulous collection had been the property of Baron Robert von Hirsch, a German-reared Jew who had fled with his treasures to Switzerland in the 1930s when the political situation was growing ominous. He died in Basel in 1977, aged ninety-four, and in his will ordered that the works of art be sold at public auction. Since the collection was of immense importance to German museums and to all

culturally and historically inclined Germans, federal, state, and art authorities turned to Hermann Abs for guidance in retrieving it all. It was he who planned the strategy and coordinated the winning bids. For his assault on Sotheby's he assembled a network of art dealers in several nations, according to Rudi Walther, a member of the Bundestag and of Abs's team. Most thorough, the German banker even calculated and prepared a set of special signals to cue his team of international buyers. "He put different strawmen to bid for each item on our list. Then he showed them how to bid with the usual signals to prevent anyone from catching on, you know, stamping his foot, twitching his eye, raising a finger, and so on," Walther commented.

Of the $20 million made available to Mr. Abs by West German federal, state, and museum authorities, the Abs bidders dispensed more than $19 million to bring back home these priceless works of early and later German masters. Interior Minister Gerhart Baum declared: "The preservation of these precious art works for German culture is a good example of successful cooperation involving private donors, art experts, and federal and state governments." In addition, it was agreed among West German art professionals that recouping the von Hirsch collection was, to quote one of them, "the last opportunity to preserve art objects of a unique quality for German culture."

Today in Frankfurt, the many friends of Hermann Josef Abs agree that he has not lost his touch.

Nor has Deutsche Bank, the largest in Europe and third largest in the world, lost its touch for international investments on behalf of its clients residing in West Germany and South America. It has bought two skyscrapers in Houston, Texas, the Pennzoil and the Shell buildings. As Vice President Ferdinand Krier of Deutsche Bank remarked, "Our clients believe American real estate is an attractive proposition at this time. Our goal is to offer interesting opportunities to our clients."

One of the more stupendous investment opportunities currently interesting this West German bank is the purchase of the massive World Trade Center in lower Manhattan.

The economic unification of West Germany is complete, and if there is any doubt in Europe who in the long run won the peace there is none whatsoever among the former German leaders dwelling in South America. It is a good bet that if Hermann Schmitz were alive today he would bear witness as to who really won. Schmitz died contented, having witnessed the resurgence of I.G. Farben, albeit in altered corporate forms, a money machine that continues to generate profits for all the old I.G. shareholders and enormous international power for the German cadre directing the workings of the successor firms. To all appearances he died in relatively reduced circumstances, in 1960, at the age of seventy-nine, though immensely wealthy during his lifetime. Any information about his fortune seemingly vanished with his death; but those who knew him believe it still exists. He was the master manipulator, the corporate and financial wizard, the magician, who could make money appear and disappear, and reappear again. His whole existence was legerdemain, played out on the gameboard of I.G. Farben and his beloved Germany. The son of poor parents, born in Essen in 1881, a loner who made it to the top through ability, diligence, hard work, and singleness of purpose, he resembled Martin Bormann, who likewise had more than just a feel for mathematics but never went beyond high school, and had to make it on his own. Their association was close and trusting over the years, and it is the considered opinion of those in their circle that the wealth possessed by Hermann Schmitz was shifted to Switzerland and South America, and placed in trust with Bormann, the legal heir to Hitler.

Schmitz's wealth—largely I.G. Farben bearer bonds converted to the Big Three successor firms, shares in Standard Oil of New Jersey (equal to those held by the Rockefellers), General Motors, and other U.S. blue chip industrial stocks, and the 700 secret companies controlled in his time by I.G., as well as shares in the 750 corporations he helped Bormann establish during the last year of World War II—has increased in all segments of the modern industrial world. The Bormann organization in, South America utilizes the voting power of the Schmitz trust along with their own assets to guide the multinationals they control, as they keep steady the economic course of the Father-land.

It is true that the resurgence of West Germany was due to hard work by its people, assistance from the Marshall Plan, an infusion of buying orders from the United States military establishment during the Korean War, and a fair and free commercial enterprise system that enabled business and industry to wheel and deal in world markets and come up with profits and favorable trade balances for the new federal republic. The new Deutschmark has grown to high status as the envy of other currencies and the equal of the coveted Swiss franc. Allowing business to have its head was, to go back, the formula adopted by Hitler during the 1930s; he harnessed the people instead of nationalizing industry and emphasized that German wealth for one and all depended on German production.

But it is just as true that the river of wealth back into West Germany from assets sequestered by Martin Bormann and the corporations that participated in his brilliantly conceived program of flight capital was a major factor in the recovery of the nation—and the best-kept secret in all German history. The return of capital began slowly. As factories were rebuilt and revved up for production, money from Swiss banks representing their secret accounts flowed into the Rhineland. It was termed investment money, and the first corporations to enjoy its impact were those with demand products: automobiles, steel, and chemicals. Ferdinand Porsche, who designed the famed “Tiger” tank, redesigned Hitler’s “people’s car,” the Volkswagen, and a new factory was erected to turn it out. Daimler-Benz shortly had its Mercedes cars and trucks rolling from the assembly lines, and as the giant industrial complexes geared once again for full production and business, the smokestacks of Essen told a story of full employment and the eagerness of workers and managerial staffs to get on with the job of climbing up from zero to total output. The Swiss bankers themselves, watching the funds they were directed to invest in these German industries, also invested their own funds and those of their German, British, French, Belgian, Swiss, and American clients. One American occupation officer was advised by his Swiss banker to invest his modest army salary in West German automotive firms. “I gave him carte blanche with my account,” said the officer, “and months later on a visit to Zurich I discovered my few thousand dollars had escalated to $250,000, and was still appreciating.” Regrettably, a problem soon arose: following his discharge from the army and his return to the United States he couldn’t declare his secret account,

because he had consistently failed to include it on his U.S. tax returns. A pillar of his community, he had to go abroad to spend these gains.

Money continued to trickle into West German firms from the private investment sector during the late forties, but not until May 5, 1955, when the Federal Republic of Germany became a sovereign government and the Allied occupation forces had left, did the enormous sums shifted from the Third Reich away from threatened Allied seizure become available to those groups in West Germany that had participated in Martin Bor-mann's program of flight capital.

Some idea of the liquid assets that had arrived in bulk in South America during those chancy years was given me by an SS friend of Bormann who had worked closely with him. On one day alone, he recalled, while he was standing alongside Bormann and Mueller and others, he helped unload and list the contents of one courier pouch. He recorded in excess of $4.5 million in assorted currencies, diamonds, stocks, and bearer bonds representing blue chip corporations in Germany, Switzerland, Spain, and the United States.

His statement is believable when you consider the discipline and resourcefulness of a smart group determined to move assets from one country to another. It can be done even nowadays, as was illustrated during February 1979, when 25,000 Teheran Jews fled the Iranian capital with their own flight capital program. Those 10,000 who flew directly to Israel arrived at Lod Airport with treasure that strained the counting capabilities of Jerusalem banks as Jewish owners disgorged their liquid wealth. One Jerusalem bank manager reported a record one-day deposit of $72 million in thousand-dollar bills, and one Persian rug was declared to be worth $30 million when it was unrolled, revealing diamonds and gold stitched into the fabric.

By 1956 the three major multinationals (Hoechst, BASF, and Bayer) reshaped from the 159 companies within Germany that had comprised I.G. Farben were generating record profits for the original 450 major Farben stockholders, who had organized themselves into the I.G. Farben Stockholders Protective Committee in Bonn. The Big Three went on expanding, tripling capitalization in 1956 from investment funds that

poured in from the interlocking companies established in safe haven countries by Martin Bormann and Hermann Schmitz. There was a return, more vigorous than ever, of the huge, monolithic industrial multinationals that dominated the German economy before and during World War II.

Each of these three spinoffs from I.G. Farben today does more business individually than did Farben at its zenith, when its corporate structure covered 93 countries. BASF and Bayer individually boast worldwide sales of nearly $10 billion annually, while Hoechst, now the world's largest chemical company, generated $16.01 billion in worldwide sales in 1980. Each does more business than E.I. du Pont de Nemours, with sales of $9.4 billion. The United States is, of course, the major market, one into which these German corporations continue to pour investment money for both new capital construction and corporate takeovers. BASF and Hoechst have each invested in excess of $1 billion in such expansions, and chief executive Herbert Grunewald of Bayer A.G. has said that they plan a $1 billion expansion in the United States within five to ten years. In Europe, Bayer A.G. is parent of some 380 subsidiary operations. In the United States, it controls Mobay Chemical, whose annual sales in 1978 of $779.5 million make it the Bayer group's most formidable foreign subsidiary. Miles Laboratories (maker of Alka-Seltzer), Chemagro, Rhinechem, Cutter Laboratories, and Harmon Colors are additional Bayer A.G. interests in this country that Grunewald says he plans to double as part of his American expansion program.

Together, these three multinationals assure permanent prosperity for the original 450 Farben stockholders, their banks, and the shadowy shareholders of the Bormann organization in South America who guard and vote the Herman Schmitz trust fund through intermediaries at the annual meetings of BASF, Bayer, and Hoechst.

At the most recent annual meetings of these three chemical giants, West German banks, while not holding substantial direct investments in these companies, voted proxies on behalf of more than 80 percent of the shares. Direct industrial holdings have long been accepted in West Germany as normal bank-industry ties. While the exact extent and size of a bank's holdings are a closely guarded secret, Hermann Beyer-Fehling of the Bonn

Finance Ministry characterizes the banks as “the largest power with the most impenetrable connections,” which is one reason the Bormann organization continues to grow in stature and strength.

As German corporations have moved into the U.S. market, German banks have not been far behind, and in 1979 Deutsche Bank, the largest non-American bank in the world, opened its doors in New York City, and will be a formidable competitor to American banks. A prime objective will be to service the needs of the growing number of subsidiaries of German and other European companies in the United States. But Deutsche Bank, which will not seek consumer deposits, intends to compete with America’s largest banks for the entire range of corporate business, from handling companies’ daily cash accounts and shortterm borrowings to piecing together intricate multicurrency credits and, through a subsidiary, even underwriting corporate securities offerings. There is no doubt that the Deutsche Bank, with $79.9 billion in assets and more than 1,100 branches in Germany and elsewhere in the world, including fiscal strongholds throughout South America, will be able to compete successfully in the U.S. financial market.

As for Martin Bormann, this now elderly recluse is ever a keen watcher and manipulator in the silent, gigantic struggles among worldwide industrial and financial powers. Atop an organizational pyramid that dominates the industry of West Germany through banks, voting rights enjoyed by majority shareholders in significant cartels, and the professional input of a relatively young leadership group of lawyers, investment specialists, bankers, and industrialists, he is satisfied that he achieved his aim of helping the Fatherland back on its feet. To ensure continuity of purpose and direction, a close watch is maintained on the profit statements and management reports of corporations under its control elsewhere. This leadership group of twenty, which is in fact a board of directors, is chaired by Bormann, but power has shifted to the younger men who will carry on the initiative that grew from that historic meeting in Strasbourg on August 10, 1944. Old Heinrich Mueller, chief of security for the NSDAP in South America, is the most feared of all, having the power of life and death over those deemed not to be acting in the best interests of the organization.

Some still envision a Fourth Reich. This is but the dream talk of aging adventurers who will soon pass from the mortal scene. What will not pass is the economic influences of the Bormann organization, whose commercial directives are obeyed almost without question by the highest echelons of West German finance and industry. “All orders come from the shareholders in South America,” I have been told by a spokesman for Martin Bormann.

And, today, how fares Martin Bormann? After a unique lifetime of struggle to the very top, then the years of hiding and being declared officially dead by the Federal Republic of Germany to absolve them from conducting a manhunt they have never been impelled to make, Adolf Hitler’s heir lives a, life of ease. He resides in a luxurious estate on an Argentine *estancia* —a ranch, so to speak—in the province of Buenos Aires. Seventeen percent of all land in this “Queen Province” belongs to 82 family groups, 17 cattle and crop-raising companies, and 20 smaller owners. One ranch comprises 260,000 acres, and a medium-sized spread is 120,000 acres. Aside from sheep, cattle, horses, and grain, and the peons who work the land, these estancias have their own railway stations, churches, hospitals, telephone and telegraph exchanges, and shops for a handful of people. The economic power of these propertied families is of course vast in their own milieu, but it is augmented in the capital city of Buenos Aires. There the senior family member speaks for the rest in dealings with banks, investments, and industry, in Argentina as elsewhere, such as West Germany and the United States.

To many of these family corporations the acknowledged benefactor is Martin Bormann, who brought a surge of new industry to Argentina in the late 1940s, making it possible for them to broaden and amplify their income base by linking them into banks, insurance holding companies, and the many industrial firms established by the newly arrived Germans with the vast sums he sent to Buenos Aires for safe haven.

Bormann is as protected from seizure as the money and investments he guards, for those he has benefited are grateful. Simon Wiesenthal, the famed hunter of Nazis, found this out when traveling to Buenos Aires in search of Bormann. He was told in no uncertain terms by the Jewish leadership there to cease stirring up trouble, and to leave the country, which

he did. On a directive from Bormann, Jewish and gentile bankers and businessmen alike are represented in the management of German-Argentinian firms, as well as in other West German corporations in Brazil, Chile, Bolivia, Paraguay, Ecuador, and Mexico. For these reasons, and because he was not personally involved in the Holocaust, the Israeli intelligence service no longer has an interest in the capture of Martin Bormann, who they too know is alive and well in South America. Mengele, the infamous doctor of Auschwitz, is another matter. If they could reach into Paraguay and spirit him away without causing international political and commercial repercussions, they would do so.

At eighty, Bormann is preoccupied with writing his memoirs. Not being a man of intellectual depths, however, he tires quickly of this self-appointed task. He knows that within himself he has a revealing and historically important story to tell, but he simply cannot get all the right words out. He writes with pencil, and his writing is quickly typed into manuscript form by an elderly female secretary. Nothing is ever completed, but the pages pile up, and he knows words are his limitation.

If he were working on action-packed directives, as he did during the years of the Third Reich, or checking the bottom line of balance sheets to learn the profits and losses of the 750 corporations he established in his flight-capital program, he would be the effective man of action, a man in his right milieu.

His thoughts of the past and present are coherent. He speaks of Albert Speer with disdain, saying that this “technocrat which we [Hitler and Bormann] made is a traitor to the party. His memoirs twisted the history of those days out of all proportion.” As for Adolf Eichmann, he tells his intimates, “I told him to leave Buenos Aires and establish himself somewhere in the interior. He was always a magnet for Jewish kidnappers seeking symbolic retribution.”

The nearest he ever got to one of Himmler’s concentration camps was the set of photographs (blown up to eleven-by-fourteen inches) presented to him and the Fuehrer by Reinhard Heydrich some months after he had opened the first concentration camp on orders from Goering and Himmler. The sight of the dead and near-dead rocked Hitler, and the Reichsleiter had

to lead him away from the conference room. Heydrich, a real butcher who reveled in his task, was never invited to the Fuehrer's headquarters again. Bormann remembers this incident clearly but seldom speaks of it. He wants to include in his memoirs something on why the Jews were treated the way they were, but somehow the words won't come. Perhaps it has to do with the psychological barrier that surrounded the Fuehrer's headquarters in those days. Some knew what was happening; others made it a point never to inquire. Even Field Marshal Erwin Rommel, during the collapse of Warsaw, turned a blind eye to the deportation of Polish Jews whose fate, once deported, did not occur to him, and he was soon lost in the frenzy of preparing to attack France and the lowlands at the head of his own Panzer division. Bormann also had his ever-expanding role to play and he found it convenient to know that the matter was a "Himmler problem."

Yet the emotional scars are there, the bad memories mixed with the good. His vast living room on his Argentinian-pampas ranch is decorated with good mementos of those days: the Rembrandts and Diirers and other fine paintings that he had purchased or acquired as gifts over the years for Adolf Hitler. In his will, dictated and signed on April 29, 1945, in the Fuehrer-bunker in Berlin, Hitler instructed Reichsleiter Bormann to keep custody of the paintings, although he expressed the wish that they be placed in an art gallery in his native town of Linz. Realizing that this was not practical long before these last days of Hitler, Bormann had had the Hitler art collection crated and shipped to South America. Bormann knew that otherwise they would be seized by the Allies, and he regarded the paintings as among the treasures of the Third Reich that should likewise find a safe haven, along with the other forms of wealth he had been responsible for as party treasurer.

The ruthlessness that characterized Martin Bormann when he served Hitler and the Third Reich as Reichsleiter did not disappear when he made it to South America. Everyone wanted in on the wealth, but he sat on it like the chairman of a bank. "It belongs to the party, and I am the party treasurer," he would say, and unless sums requested contributed to the growth of corporate entities that his organization controlled, the money would remain in the banks. He wanted no layabouts, and the news soon spread that he was a tight-fisted leader.

One of the few Nazis in exile who never looked to Bormann for money was Dr. Mengele, of Auschwitz notoriety. He was independently wealthy from his family-owned tractor business in Germany, which had a related assembly plant in Argentina, and this provided all the means a man in hiding would ever need, especially in Paraguay.

Bormann can still be a man of towering rages, and when this happens his associates walk quietly until the mood subsides. Some Nazi-army veterans in West Germany are occasionally beguiled by tales of wealth to be had in South America. A story involving ninety-five tons of gold, supposedly controlled by an Adolf Hundhammer in Bolivia, became part of the journalistic legends of 1966. It was read with interest by an officer of the Gehlen espionage security forces, who then had himself assigned to South America on a temporary basis. He met with General Mueller but not Bormann, then went in quiet search of this gold treasure. Bormann heard about it from Mueller, exploded, then issued an order for termination. The officer was never seen again. As Bormann reasoned, if the Gehlen agent failed to find the gold, he would begin ferreting elsewhere, and who knew what that could lead to.

Martin Bormann speaks wistfully of returning one day to the Federal Republic, but realist that he is, he accepts that this can never be. He did return to Europe in secret for a brief period in 1948, proceeding first to Spain, then to Switzerland, where he attended to some of his numbered secret accounts in Swiss banks. He traveled as Monsignore Augustin von der Lange-Lanbach, on a forged Vatican passport. Once his new banking arrangements had been concluded, he visited the grave of his wife in the monastery of Merano in northern Italy, then returned to Buenos Aires.

He enjoys small intimate parties these days in his well-guarded pampas home and discussions with his old comrades about the war, which was lost by such a narrow margin. Winston Churchill’s great qualm in 1944 was that Hitler would suddenly withdraw into Germany all along the perimeters of his defense. The result might have been a fortress Germany, marking time for an expanded arsenal of new and terrible weapons to appear, which would have turned the tide finally for Hitler. Bormann refers to this today, emphasizing that it was fatally unfortunate that the Fuehrer did not follow

this specific advice of his General Staff. In fact, when Hitler refused, and his forces suffered twin defeats in the Falaise Gap of Normandy and at Kursk in the Ukraine, Bormann knew the war was lost, and took the steps he did, ultimately, to assure an economically resurgent Germany.

As the Fuehrer in exile guards the party treasury, and keeps a close eye on the investments and corporations controlled through stock ownership by the organization, the leadership in position today remains relatively young and viable. It is run as a tight operation insofar as expenses are concerned, and the team of accountants and business representatives who travel twice yearly to Europe to check things out must detail all expenses in the manner of normal corporate procedures anywhere. This team of traveling auditors is accompanied by a covey of protective security guards provided by SS General Mueller, who enjoys to this day the title of Reich minister of the interior in exile. His teams range far afield, even to the United States, when bottom lines are to be checked out and on-site investments evaluated. It is said that General Mueller is utterly paranoid about his possible capture, which is not quite true. As a former inspector of detectives in Munich who became an old Gestapo hand when selected for the job by Heydrich, he learned total caution early, and that is the principle by which he lives today.

As security chief for the Nazi organization in South America and Europe, General Mueller keeps a close eye on the leadership and on those he feels might threaten them. Israeli agents who move too closely to these centers of power are eliminated. One such termination was Fritz Bauer, formerly attorney general for the State of Hesse in Frankfurt, a survivor of Auschwitz and the man who tipped off the Israeli Mossad about the presence of Adolf Eichmann in Buenos Aires, was killed on orders of General Mueller. His body was found in his bathtub and listed as “death by heart attack” by the Frankfurt police. The real cause: cyanide spray that induces heart stoppage without detection; the same modus operandi that Mueller used to kill the Bormann stand-ins who were placed in the Berlin freight yards in late April 1945. Mueller’s ruthlessness even today is what deters Artur Axmann from altering his testimony that he saw Bormann lying dead on the roadway the night of their escape from the Fuehrerbunker, May 1-2, 1945. This story had been composed by Mueller. To this day, Axmann, the only so-called living witness to the “death” of Bormann in Berlin, knows his life is in jeopardy if

he reverses himself. General Mueller is thorough and has a long memory, and for a Nazi such as Axmann to go against Mueller's original directive would make him a traitor; retribution would surely follow. When I questioned one SS man who had once worked closely with Bormann in South America about the Axmann testimony, he said, "Axmann knows Bormann is in South America. I don't know why he persists in lying about the fact." He thought a moment, then went on, "But perhaps he wants to go on living, which is reason enough."

When these old comrades meet in business and social sessions, they express the hope that one day they can return to the Fatherland. Bormann the supreme realist knows in his heart that this can never be. His social gatherings involve interesting people, including the Jewish business leaders who have served him well, and who in turn are comfortable indeed. As one Nazi expressed it in a fit of pique, "Bormann would rather be with rich Jews than poor Nazis."

Count Zichy-Thyssen, grandson of old Fritz Thyssen, is looked upon with affection by Martin Bormann, who visits the Zichy-Thyssens upon occasion. Bormann's eldest daughter is said to be almost a permanent guest at the Thyssen ranches. As with the eldest brother, Adolf Martin, the former Jesuit priest, Martin Bormann strongly wanted at least these first of his children with him in South America. Adolf, accompanied by his wife, visits his father from time to time. Daughter "Neumi" never married and devotes herself to her father in his declining years.

Along with the good life, there is no lessening of safeguards. They have been on the run for so many years that it is part of their intrinsic survival pattern to question all strangers and any overtures. Even the Zichy-Thyssens, who in no way participated in the rise and fall of the Third Reich as did grandfather Fritz, evidence anxiety when approached by me with courteous questions regarding the history of their family and further details about the life and career of Fritz Thyssen.

Helmut Schmidt, as chancellor, has stated: "It will take fifty years to forget the Nazi past." The Nazi issue indeed rises periodically even nowadays, yet there is every indication of a growing tolerance of the several million who joined the party before and during World War II but who did not participate

in the excesses of the SS and the concentration camps. In May 1979, Karl Carstens was elected president of the Federal Republic of Germany; this choice of the electorate followed election of the previous president, Walter Scheel; both were former Nazis.

Pervasive unease remains a characteristic of the nation, despite the stunning material achievements and its enviably solid economy. Perhaps this insecurity has its roots in memories of two sweeping defeats in this century, as well as the strain of having to live with the secrets of the Martin Bormann program for more than four decades, the secrets that enabled the West German leadership to stage one of history's most resounding comebacks in the arena of international commerce.

Martin Bormann knows this to be so, and confides to his intimates that while he can never return to Germany, his lines of communication remain ever open.. This man, who legally succeeded Hitler and therefore is the leader of over several million NSDAP members in South America and Germany, demonstrated the ultimate in clout in 1971, when he summoned the president of the Federal Republic of Germany, then Walter Scheel, and the latter's wife Mildred, to Bolivia, whence they quickly returned to Europe with a newly adopted one-year-old boy who bore the first name Simon-Martin. The child, now eleven years of age, is being reared and educated in one of Germany's most influential families. The belief is, of course, that he is a son of Martin Bormann, who insisted that this child of his old age be brought up as an upper-class German in his Fatherland and receive appropriate advantages befitting a son of the leading Nazi.

Is Martin Bormann proud of his achievement? Indeed he is. A man of many moods, which can be traced to an exile of thirty-five years from his homeland, and suffering the physical vagaries that go with a robust but eighty-year-old body, he turns cheerful when commenting on the economic leadership of the Federal Republic of Germany. He didn't do it all, he admits, but the economic bastions of power that he established in the neutral nations of the world in 1944 were the bedrock enabling the West German government to rise from defeat, once they had again become masters of their destiny after the Treaty of Paris in 1954.

The Bormann organization continues to wield enormous economic influence. Wealth continues to flow into the treasuries of its corporate entities in South America, the United States, and Europe. Vastly diversified, it is said to be the largest land-owner in South America and through stockholdings controls German heavy industry and the trust established by the late Hermann Schmitz, former president of I.G. Farben, who held as much stock in Standard Oil of New Jersey as did the Rockefellers.

In 1980 Chancellor Helmut Schmidt said West Germany was the greatest commercial and financial power in the world today after the United States. He declared that West Germany's economic strength was its essential international lever. "For some years now our economic policy had been simultaneously our foreign policy."

This theme delights Bormann as he talks with intimates in the well-guarded privacy of his pampas ranch house. A former CIA contract pilot, who once flew the run into Paraguay and Argentina to the Bormann ranch, described the estate as remote, "worth your life unless you entered their air space with the right identification codes." Count Federico Zichy-Thyssen, grandson of old Fritz Thyssen, Claudio Zichy-Thyssen, and their families are intimate friends of Bormann. Because of this friendship, Martin Bormann has three sanctuaries: his own pampas spread in Argentina and the Thyssen ranches in Argentina and Paraguay.

His eldest daughter caters to his wishes and sees to his comfort. "Neumi" possesses a collection of diaries and photographs from her childhood to the present. One picture, taken when she was two years old in Germany, is today simply captioned, "Daddy trimming the Christmas tree, 1942."

Always behind her is the guiding hand of General Heinrich Mueller, the gray eminence of security for the NSDAP and its leader in exile. For Neumi is officially listed as dead, a device that has been utilized six times by Mueller on behalf of Bormann, according to the Israeli Mossad.

In a lifetime of struggle, vast power, and escape, Martin Bormann in his last years can point to one unchallengeable accomplishment: with the war lost, the goal he envisioned on August 10, 1944, a postwar commercial

campaign aimed at bringing Germany back to the forefront of world economic leadership, is won.